

POLOKWANE LOCAL MUNICIPALITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2014
DRAFT UNAUDITED**

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POLOKWANE MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS ENDED 30 JUNE 2013

APPROVAL AND CERTIFICATION

I am responsible for the preparation of these annual financial statements, which are set out on pages 2 to 62, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 25 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Cooperative Governance and Traditional Affairs determination in accordance with this Act.

Ms TC Mametja

MUNICIPAL MANAGER

DATE

POLOKWANE MUNICIPALITY
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General information

Members of the Council

FP Greaver	Executive Mayor
MC Mathiba	Speaker
MC Mashiane	Chief Whip
LM Legodi	Member of the Mayoral Committee
MJ Kaka	Member of the Mayoral Committee
MD Madikoto	Member of the Mayoral Committee
ME Maleka	Member of the Mayoral Committee
PJ Modikoa	Member of the Mayoral Committee
RC Molepo	Member of the Mayoral Committee
LE Hardy	Member of the Mayoral Committee
MJ Ralefatane	Member of the Mayoral Committee
MK Teffo	Member of the Mayoral Committee
MS Tjale	Member of the Mayoral Committee
AH Botha	Member of Council
HE Chauke	Member of Council
FA Haas	Member of Council
ME Khalo	Member of Council
MF Kubjane	Member of Council
MJ Lekota	Member of Council
MM Lemekoana	Member of Council
MW Letsoalo	Member of Council
M Maaake	Member of Council
MG Mabelebele	Member of Council
MM Mabitsela	Member of Council
MT Mabutla	Member of Council
NE Machaba	Member of Council
TJ Magoro	Member of Council
RT Makgabo	Member of Council
KP Makgoba	Member of Council
MP Maifala	Member of Council
MM Mailula	Member of Council
MM Maja	Member of Council
SJ Malope	Member of Council
CM Mamabolo	Member of Council
ML Mamabolo	Member of Council
SN Mamabolo	Member of Council
MA Manong	Member of Council
SM Mashabela	Member of Council
A Mashie	Member of Council
MR Mashitisho	Member of Council
MA Mathabatha	Member of Council
JM Matlou	Member of Council
MJ Manamela	Member of Council
QN Mehlaphe	Member of Council
ST Mehlaphe	Member of Council
JA Moabelo	Member of Council
MA Moakamedi	Member of Council
TJ Mogale	Member of Council
RK Mogashoa	Member of Council
TSP Mojapelo	Member of Council
NJ Mkgokong	Member of Council
JS Mokonyama	Member of Council
MH Morwana	Member of Council

POLOKWANE MUNICIPALITY
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SM Motseo	Member of Council
M Mothiba	Member of Council
ML Motshekga	Member of Council
SE Nkadimeng	Member of Council
MM Peta	Member of Council
MP Phadu	Member of Council
RH Phoshoko	Member of Council
MJ Raletjena	Member of Council
CS Ramabu	Member of Council
DM Ramakgwakgwa	Member of Council
MJ Sedibane	Member of Council
MR Sekgobela	Member of Council
MJ Sello	Member of Council
ND Setjie	Member of Council
TC Shilajoe	Member of Council
MMP Sono	Member of Council
KG Tsheola	Member of Council
MA Thobejane	Member of Council
MJ Willemse	Member of Council

Municipal Manager

T C Mametja

Chief Financial Officer

F J Mudau

Auditors

Office of the Auditor-General

Grading of Local Authority

Grade 10

Bankers

Standard Bank

Business address

Civic Centre
C/O Landdros Mare and Bodenstein Street
Polokwane
0699

Postal address

P O Box 111
Polokwane
0700

POLOKWANE MUNICIPALITY
STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 R	2013 R Restated
ASSETS			
Current assets			
Cash and cash equivalents	15	312 558 018	52 061 276
Trade and other receivables from exchange transactions	12	354 198 069	352 046 801
Other receivables from non-exchange transactions	13	49 948 811	19 193 398
Inventories	11	41 220 653	40 822 205
Investments	9	110 000 000	220 000 000
Current portion of receivables	10	7 846 722	8 595 490
VAT receivable	14	15 666 615	21 665 832
Total Current Assets		894 019 207	714 385 002
Non-current assets			
Non-current receivables	10	8 152 419	7 808 993
Investments	9	67 217 189	67 217 189
Property, plant and equipment	8	7 283 391 332	7 325 480 550
Intangible assets	8.1	12 799 379	14 901 886
Investment property	8.2	544 972 448	538 058 898
Heritage assets	8.3	3 671 704	3 671 704
Biological assets	8.4	16 633 000	13 965 349
Total Non-current assets		7 936 837 473	7 971 104 571
Total Assets		8 830 856 680	8 685 489 573
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	6	314 180 567	288 469 461
Consumer deposits	5	65 650 273	63 788 114
Current portion of unspent conditional grants and receipts	7	274 579 322	194 552 601
Current portion of borrowings	4	36 905 952	36 384 956
Current portion of finance lease liability	38	37 152 804	8 613 148
Total Current Liabilities		728 468 918	591 808 280
Non-current liabilities			
Non-current borrowings	4	225 288 375	262 202 961
Non-current finance lease liability	38	88 971 405	25 622 961
Non-current Provisions	35	204 788 721	194 387 486
Total Non-current Liabilities		519 048 501	482 213 408
Total liabilities		1 247 517 419	1 074 021 688
Net assets		7 583 339 261	7 611 467 886
NET ASSETS			
Housing Development Fund	2	10 444 442	10 754 922
Revaluation Reserves	3	1 918 739 068	1 929 371 574
Accumulated surplus		5 654 155 750	5 671 341 390
Total net assets		7 583 339 261	7 611 467 886

POLOKWANE MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 R	2013 R Restated
REVENUE			
Revenue from Exchange Transactions unless specified otherwise			
Property rates - Non Exchange Transactions	17	296 844 657	254 720 916
Service charges	18	885 287 095	867 519 757
Rental of facilities	19	17 132 411	12 467 134
Investment Revenue – external investments	22	30 546 748	23 016 680
Interest earned – outstanding debtors		51 302 423	7 377 257
Fines - Non Exchange Transactions		12 346 564	2 626 889
Licenses and permits		8 909 042	8 815 818
Income for agency services		16 039 967	13 892 068
Government grants recognised - operating - Non Exchange Transactions	20	516 199 287	501 274 579
Government grants recognised - capital - Non Exchange Transactions	20	350 188 424	187 076 977
Public contributions, donated and contributed property, plant and equipment	20	5 583 999	-
Other revenue	23	80 192 355	81 347 268
Total Revenue		2 270 572 972	1 960 135 343
EXPENDITURE			
Employee related costs	24	455 901 875	412 054 662
Remuneration of councillors	25	24 720 135	21 922 288
Bad debts	12	194 691 023	53 486 067
Collection costs		2 880 095	1 178 073
Depreciation		449 606 802	431 453 532
Repairs and maintenance		115 940 765	117 114 416
Finance cost	26	37 153 984	30 045 799
Bulk purchases	27	619 152 841	581 300 952
Grants and subsidies paid	28	6 940 000	5 540 000
General expenses	29	365 245 881	416 927 317
Total Expenditure		2 272 233 402	2 071 023 106
Impairment of assets	8	-76 023	-
Loss on disposal of PPE	8	-84 647 648	-29 429 307
Revaluation reserve realised on the derecognition of PPE	2	13 573 154	6 585 251
Gain on fair value adjustment	43	9 581 200	7 348 002
NET DEFICIT FOR THE YEAR		(63 229 746)	(126 383 818)

POLOKWANE MUNICIPALITY STATEMENT OF CHANGES IN NET ASSETS 30 JUNE 2014

	Notes	Housing Fund	Revaluation Reserve	Total	Accumulated Surplus/ (Deficit)	Total
Balance at 30 June 2012		11 247 728	770 838 771	782 086 499	4 852 201 580	5 634 288 079
Restatement - Change in Accounting Policy			1 935 956 825	1 935 956 825		1 935 956 825
Correction of error			(770 838 771)	(770 838 771)	973 212 841	202 374 070
Restated 2012		11 247 728	1 935 956 825	1 947 204 553	5 825 414 420	7 772 618 973
Transfers to/ from accumulated surplus (provisions)				-	5 635 969	5 635 969
Correction of error					(33 325 181)	(33 325 181)
Net Gains and Losses not recognised in the statement of financial performance (Housing Development Fund		(492 807)		(492 807)		(492 807)
Realisation of Revaluation Reserve - Derecognition			(6 585 251)	(6 585 251)		(6 585 251)
Surplus for the period				-	(126 383 818)	(126 383 818)
Balance at 30 June 2013		10 754 921	1 929 371 574	1 940 126 495	5 671 341 390	7 611 467 885
Adjustments on assets -prior year				-		-
Adjustments on revenue -prior year Fines				-	14 645 730	14 645 730
Debtors discount allowance					31 398 377	31 398 377
Revaluation of Land			2 940 648			
Realisation of Revaluation Reserve - Derecognition			(13 573 154)			
Net gains and losses not recognised in the statement of financial performance (Housing Dev Fund)		(310 480)		(310 480)		(310 480)
Transfers to/ from accumulated surplus (provisions)				-		-
Surplus for the period				-	(63 229 746)	(63 229 746)
Balance at 30 June 2014		10 444 441	1 918 739 068	1 939 816 015	5 654 155 750	7 593 971 765

POLOKWANE MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 R	2013 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipted from ratepayers, government and others		2 146 850 996	97 296 382
Cash paid to suppliers and employees		-1 566 234 123	-1 693 238 967
Cash generated from operations	31	580 616 873	339 955 745
Interest received		30 546 748	23 016 680
Finance cost		(37 153 984)	(29 658 309)
Tax -VAT receivables		5 999 217	44 242 182
Net cash from operating activities		580 008 854	377 556 299
CASH FLOW FROM INVESTMENT ACTIVITIES			
Purchase of property, plant and equipment		(487 198 099)	(327 420 387)
Gain / (loss) on fair value adjustment		-	0
Gain / (loss) on disposal/impairment of assets		(76 023)	0
(Increase)/decrease in non-current receivables		405 341	(234 779)
(Increase)/decrease in current investments		110 000 000	3 808 054
Net cash from investment activities		(376 868 781)	(323 847 111)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(decrease) in long term loans		(36 393 590)	(35 807 907)
Increase/(decrease) in deposits		1 862 159	1 715 920
Increase/(decrease) in finance lease liability		91 888 100	21 170 547
Net cash from financing activities		57 356 669	(12 921 440)
Increase/(decrease) in cash and cash equivalents		260 496 742	40 787 746
Cash and cash equivalents at beginning of the year	15	52 061 276	11 273 530
Cash and cash equivalents at end of the year	15	312 558 018	52 061 276

POLOKWANE MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/2014								
	Original Budget	Budget Adjustments (i.l.o. s28 and s31 of MFMA)	Virement (i.l.o Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R		R		
	1	2	3	4	5	6	7	8	9
Financial Performance									
Property Rates	279 863 000	279 863 000	279 863 000	279 863 000	296 844 657		16 981 657	106.07	106.07
Service Charges-electricity revenue	699 340 920	699 340 920	699 340 920	699 340 920	617 228 424		(82 112 496)	88.26	88.26
Service Charges-water revenue	268 788 494	203 788 494	203 788 494	203 788 494	164 600 189		(39 188 305)	80.77	61.24
Service Charges-sanitation revenue	67 116 464	67 116 464	67 116 464	67 116 464	48 587 653		(18 528 811)	72.39	72.39
Service Charges-refuse revenue	57 097 740	57 097 740	57 097 740	57 097 740	54 870 829		(2 226 911)	96.10	96.10
Rental of facilities	18 002 142	18 002 142	18 002 142	18 002 142	17 132 411		(869 731)	95.17	95.17
Investment Revenue – external investments	12 500 000	12 500 000	12 500 000	12 500 000	30 546 748		18 046 748	244.37	244.37
Interest earned – outstanding debtors	18 000 000	18 000 000	18 000 000	18 000 000	51 302 423		33 302 423	285.01	285.01
Fines	6 087 320	6 087 320	6 087 320	6 087 320	12 346 564		6 259 244	202.82	202.82
Licenses and permits	8 516 454	8 516 454	8 516 454	8 516 454	8 909 042		392 588	104.61	104.61
Agency services	14 770 000	14 770 000	14 770 000	14 770 000	16 039 967		1 269 967	108.60	108.60
Transfers recognised - operational	486 936 000	564 357 700	564 357 700	564 357 700	516 199 287		(48 158 413)	91.47	106.01
Other revenue	32 514 466	119 514 466	119 514 466	119 514 466	80 192 355		(39 322 111)	67.10	246.64
Total Revenue (Excluding capital transfers and contributions)	1 969 533 000	2 068 954 700	2 068 954 700	2 068 954 700	1 914 800 549		(154 154 151)	92.55	97.22
Employee Costs	454 670 798	454 670 798	465 359 073	465 359 073	455 901 875		(9 457 198)	97.97	100.27
Remuneration of Councillors	23 684 480	23 684 480	24 720 880	24 720 880	24 720 135		(745)	100.00	104.37
Debt Impairment	40 000 000	40 000 000	40 000 000	40 000 000	194 691 023	154 691 023	154 691 023	486.73	486.73
Depreciation and asset impairment	232 700 000	232 700 000	232 700 000	232 700 000	449 606 802	216 906 802	216 906 802	193.21	193.21
Finance Charges	27 155 000	27 155 000	27 155 000	27 155 000	37 153 984		9 998 984	136.82	136.82
Bulk purchases	658 000 000	647 500 000	640 910 000	640 910 000	619 152 841		(21 757 159)	96.61	94.10
Other materials	96 618 000	117 931 000	121 830 300	121 830 300	115 940 765		(5 889 535)	95.17	120.00
Transfers recognised - operational	5 140 000	6 940 000	6 940 000	6 940 000	6 940 000		-	100.00	135.02
Other Expenditure	406 738 722	482 420 722	448 292 747	448 292 747	368 125 976		(80 166 771)	82.12	90.51
Gain / (loss) on fair value adjustment/disposal/impairment of assets			25 094 000	25 094 000	9 505 177		(15 588 823)	37.88	
Total Expenditure	1 944 707 000	2 033 002 000	2 033 002 000	2 033 002 000	2 281 738 579		248 736 579	112.23	117.33
Loss: Impairment of Assets					-				
Surplus/(Deficit)	24 826 000	35 952 700	35 952 700	35 952 700	(366 938 031)		(402 890 731)	-1020.61	-1478.04
Transfer Recognised - capital	479 207 000	578 904 300	578 904 300	578 904 300	350 188 424		(228 715 876)	60.49	73.08
Contributions Recognised - capital & contributed assets	-	7 500 000	7 500 000	7 500 000	5 583 999		(1 916 001)	74.45	0.00
Surplus/(Deficit) after capital transfer and contributions	504 033 000	622 357 000	622 357 000	622 357 000	(11 165 607)		(633 522 607)	-1.79	-2.22
Share of Surplus/Deficit of associate	-	-	-	-	-		-		
Surplus for the year	504 033 000	622 357 000	622 357 000	622 357 000	(11 165 607)		(633 522 607)	-1.79	-2.22
Capital expenditure and funds resources					-				
Capital Expenditure									
Transfers recognised - Capital	479 207 000	578 904 755	578 904 755	578 904 755	348 187 434		(230 717 321)	60.15	72.66
Public Contributions and Donations		7 500 000	7 500 000	7 500 000	5 583 999		(1 916 001)	74.45	0.00
Internally generated funds	24 800 000	35 707 600	35 707 600	35 707 600	16 957 144		(18 750 456)	47.49	68.38
Total sources of capital	504 007 000	622 112 355	622 112 355	622 112 355	370 728 578		(251 383 777)	59.59	73.56
Cash Flows									
Cash/cash equivalents at the beginning of	52 000 000	52 000 000	52 000 000	52 000 000	52 061 276		61 276	100.12	100.12
Net Cash from (Used) operating	776 733 000	877 057 000	877 057 000	877 057 000	580 008 854		(297 048 146)	66.13	74.67
Net Cash from (Used) Investing	(490 007 000)	(612 113 000)	(612 113 000)	(612 113 000)	(376 868 781)		(235 244 219)	61.57	76.91
Net Cash from (Used) Financing	(31 363 000)	(31 363 000)	(31 363 000)	(31 363 000)	57 356 669		88 719 669	-182.88	-182.88
Cash/cash equivalents at the year end	307 363 000	285 581 000	285 581 000	285 581 000	312 558 018		26 977 018	109.45	101.69

Explanations for material variances of the Municipality's actual financial performance with the budgeted is set out in Appendix E.1

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005. MFMA Section 122(3) also prescribes GRAP. These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Significant judgments and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgments include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its loans and receivables for impairment at each reporting period. The municipality makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset/liability

The impairment for loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items.

The write down is included in the impairment of assets note.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the statement of financial

position date. The quoted market price used for financial assets held by the municipality is the current bid price. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the prime interest rate that is available to the municipality for similar financial instruments.

Impairment testing

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

The municipality has identified all its capital assets, excluding Investment Property, as non-cash generating assets as it's the municipality's view that the primary objective of these assets are to provide a service and not to generate a commercial return.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 36 - Provisions.

Useful lives of assets

The municipality's management determines the estimated useful lives and related depreciation charges. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post-retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 46.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

An impairment loss is recognised in surplus and deficit when there is objective evidence that is irrecoverable. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Presentation of Currency

These annual financial statements are presented in South African Rand which is the functional currency of the municipality.

1.3 Going concern assumption

In terms of the accounting standard GRAP 1 paragraphs 27 to 30 the annual financial statements are prepared on a going concern basis. The assumption is based on the fact that the municipality may invoke its power to levy additional rates or taxes to enable the municipality to be considered as a going concern even though the municipality will be operational for extended periods with negative net assets.

However based on the current solvency and liquidity ratio's tests performed, the municipality's ability to operate as a going concern is under threat.

1.4 Comparative figures

Current year comparatives

Budgeted amounts have been included in the statement of comparison of budget and actual amounts for the current financial year only.

Prior year comparatives

When presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.6.1 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were terminated on 1 April 1998 and transferred to a Housing Development Fund. Housing selling scheme, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.6.2 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a revaluation reserve. The revaluation surplus is realised as re-valued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on re-valued amounts, are credited or charged to the Statement of Financial Performance.

1.7 Property, plant and equipment

1.7.1 Initial recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably

Property, plant and equipment is initially measured at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition. Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

1.7.2 Subsequent recognition

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, except for land, community assets and infrastructure assets which are carried at revaluation amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Revaluations are made with sufficient regularity such that the carrying value does not differ materially from that which it would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is re-valued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after re-valuation equals its re-valued amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a re-valuation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the re-valued carrying amount and depreciation based on the original cost of the asset. If a revaluation is necessary, all assets of that class are revalued.

During the current financial period the revaluation method was adopted for infrastructure and community assets. For consistency purposes this revaluation has been applied retrospectively with the effective date 30 June 2012, resulting in a restatement of the opening balances for the respective asset portfolios.

1.7.3 Depreciation

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:-

Item useful life range

Infrastructure

→ Roads and stormwater	5-80 years
→ Electricity	3-50 years
→ Sanitation	15-100 years
→ Water	5-80 years
→ Housing	3-50 years
→ Landfill sites	15-50 years

Community

→ Sport and recreational facilities	5 - 50 years
→ Cemeteries	5 - 50 years
→ Halls	5 - 50 years
→ Libraries	5 - 50 years
→ Parks	5 - 50 years
→ Fire / Ambulance stations	5 - 50 years

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→ Clinics	5 - 50 years
→ Sport fields	15 - 30 years
→ Stadium	50 years
Other	
→ Transport assets	5-15 years
→ Machinery and equipment	2-15 years
→ Computer equipment	3-7 years
→ Office equipment	3-10 years
→ Library books	10 years

Land is not depreciated as it is regarded as having an infinite useful life.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

1.8 Biological Assets

Initial Recognition

A biological asset or agricultural produce is recognised when, and only when:

- the municipality controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the municipality
- and the fair value or cost of the asset can be measured reliably.

Subsequent Measurement:

Biological assets are measured at their fair value less estimated point-of-sale costs.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit. The fair value of milk is determined based on market prices in the local area. The fair value of the vine / pine plantations is based on the combined fair value of the land and the vines / pine trees. The fair value of the raw land and land improvements is then deducted from the combined fair value to determine the fair value of the vines / pine trees.

A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is included in profit or loss for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate is used to determine fair value.

An unconditional government grant related to a biological asset measured at its fair value less estimated point-of-sale costs is recognised as income when the government grant becomes receivable.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on biological assets where fair value cannot be determined, to write down the cost, less residual value. The annual depreciation rates are based on the following estimated average asset lives:

1.9 Heritage Assets

Recognition of Assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

A heritage asset is further recognised as an asset only if:

- it is probable that future economic benefits or service potential associated with the asset will to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Subsequent Measurement

Heritage asset is measured at its cost value and should it be acquired through a non-exchange transaction will it be measured at its fair value as at the date of acquisition and is carried at its cost less any accumulated impairment losses. In instances where cost is not determinable, the municipality has taken advantage of the transitional provisions.

Heritage assets which are shown at cost, are not depreciated due to the uncertainty regarding their estimated useful lives, as reflected below:

Memorials & Statues	- indefinite life
Heritage Sites	- indefinite life
Museums	- indefinite life
Art Works	- indefinite life

Although a heritage asset is not depreciated, the asset is assessed for impairment at each reporting date to disclose whether there is an indication that it may be impaired.

De-recognition of Asset

The carrying amount of a heritage is de-recognised:

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the de-recognition, of a heritage asset should be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.10 Investment Property

Initial recognition and measurement

Investment property includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services or the sale of an asset in the ordinary course of operations.

Investment Property is initially recognised when future economic benefits or service potential are probable and the cost or fair value can be determined reliably.

At initial recognition, the entity measures investment property at cost including transaction costs once it meets the definition of investment property.

Where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of day to day servicing of investment property is recognised in the Statement of Financial Performance as incurred.

Subsequent measurement

Fair value model

Investment property is measured using the fair value model. This entails determining the fair value of investment properties on a regular basis. To the extent that the fair value model is applied investment property is not depreciated. Fair value gains / losses that result from the revaluation are recognised in the Statement of Financial Performance.

Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an Investment Property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance

Derecognition

An Investment Property is derecognised when there is a disposal or no future economic benefits or service potential are to be derived from the property. All gains or losses, which result from the derecognition, are recognised in the Statement of Financial Performance.

1.11 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair valued as at the date of acquisition.

Inventories are measured at the lower of cost and net realisable value.

The cost at reporting date comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is assigned using the weighted average method. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

Unsold properties are at the lower cost and net realisable value. Direct cost are accumulated for each separately identifiable development. Cost also includes a portion of the overhead costs.

1.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or un-collectability.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

De-recognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment,

call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, (see the Standard of GRAP on Revenue from Exchange Transactions) transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in

market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
→ the entity designates at fair value at initial recognition; or
→ are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class Category

Long term liabilities Financial liability measured at amortised cost
Trade and other payables Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument. The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The entity first assesses whether the substance of a concessionary *its* loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately.

The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation

technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data. The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value.

This requires a reclassification of the instrument from amortised cost or cost to fair value. If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit. For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and un-collectability of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

De-recognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity derecognise the asset and recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for de-recognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit. If the transferred asset is part of a larger financial asset and the part transferred qualifies for de-recognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in de-recognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit. Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are debited by the entity directly to net assets, net of any related income tax benefit [where applicable]. Transaction costs incurred on residual interests is accounted for as a deduction from net assets, net of any related income tax benefit [where applicable].

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for de-recognition, the entity does not offset the transferred asset and the associated liability.

1.13 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method. Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends, or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.14 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange. Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified. Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality. Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality. When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset. The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset. Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

1.15 Conditional Grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.16 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense. A provision is used only for expenditure for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision. No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding agreement.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 33

1.17 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote;
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), The Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in the statement of financial performance.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.21 Intangible assets

An asset is identified as an intangible asset when it:

- . is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- . arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these property, plant and equipment. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end. Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Computer software, internally generated 3 - 5 years
Computer software, other 3 - 5 years

Amortisation begins when the asset is available for use.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.22 Non-current assets held for sale

Non-current assets are classified as "held for sale assets" if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of its carrying amount and fair value less costs to sell. A non-current asset is depreciated (or amortised) while it is classified as a "held for sale" asset.

Interest and other expenses attributable to the liabilities of the "held for sale assets" are recognised in surplus or deficit.

1.23 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired. The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit. Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

Re-designation

The re-designation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occurs when there is clear evidence that such a re-designation is appropriate.

1.24 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. In assessing whether there is an indication that an asset may be impaired, management considers both external and internal indicators (sources of information).

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Value in use

Value in use of an asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of an asset is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of a cash-generating asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a re-valued non-cash-generating asset is treated as a revaluation decrease. When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP. After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase. After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Re-designation

The re-designation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a re-designation is appropriate.

1.25 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment. Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment. Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of each reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting municipality) that are held by an municipality (a fund) that is legally separate from the reporting municipality and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting municipality's own creditors (even in liquidation), and cannot be returned to the reporting municipality, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting municipality; or
- the assets are returned to the reporting municipality to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period. Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies. The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself. The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date. The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability)

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an municipality shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices). When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled. The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money.

The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Pension Obligations: The municipality and its employees contribute to 5 different Pension Funds, of which 3 (The Municipal Employees Pension Fund, Municipal Gratuity Fund and Samwu National Provident Fund) cater for the majority of the staff. The Joint Municipal Pension Fund, Municipal Employees Pension Fund, Municipal Gratuity Fund, Samwu National Provident Fund, and National Fund for Municipal Workers are defined contribution funds.

The schemes are funded through payments to financial consultant companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.25 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.26 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets as per accounting policy number 1.21. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is interrupted. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.27 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

1.28 Grants in aid

The Polokwane Municipality transfers money to individuals, institutions and organisations. When making these transfers, The Municipality does not: Receive any goods or services directly in return, as would be expected in a purchase or sale transaction Expect to be repaid in future; or Expect a financial return, as would be expected from an investment. These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

1.29 Presentation of Budget Information in the Financial Statements

The Municipality shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where an entity prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and annual financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;
- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations.

GRAP 18: Segment Reporting - Issued March 2005

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2011.

The municipality expects to adopt the standard for the first time in the 2012 annual financial statements. It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 20: Related Party – Issued June 2011

Related party relationships exist throughout the public sector, because:

- (a) The Municipality is subject to the overall direction of an executive government or Council and ultimately, parliament, and operate together to achieve the policies of the government
- (b) The Municipality conduct activities necessary for the achievement of different parts of their responsibilities and objectives through separate controlled entities, and through entities over which they have significant influence
- (c) Public entities enter into transactions with other government entities on a regular Basis, and
- (d) Ministers, councillors or other elected or appointed members of the government and other members of management can exert significant influence over the operations of an entity.

The mere existence of related party relationships means that one party can control, jointly control or significantly influence the activities of another party. This provides the opportunity for transactions to occur on a basis that may give one party an advantage at the expense of another. Therefore the disclosure of related party transactions, outstanding balances, and the relationship underlying those transactions is necessary for accountability purposes.

Management could hold positions of responsibility within an entity and therefore members of management will be responsible for the strategic direction and operational management of an entity and are entrusted with significant authority. However, their responsibilities may enable them to influence the benefits of office that flow to them, or their related parties or parties that they represent on the governing body.

Close members of the family of persons related to the entity may influence, or be influenced by them in their transactions with the entity.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The effective date of the standard is for years beginning on or after 01 April 2013. The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operation.

At present the impact of the standard is not material.

"GRAP 105: Transfer of Functions between Entities under Common Control – Issued November 2010"

"The compliance to the standard would have no effect on the present presentation of the Annual Financial Statement. However should in the future it be necessary to transfer functions between entities under common control will the accounting policy be amended to cater for such transfer."

"GRAP 106: Transfer of Function between Entities Not Under Common Control – Issued November 2010"

"The compliance to the standard would have no effect on the present presentation of the Annual Financial Statement. However should in the future it be necessary to transfer functions between entities not under common control will the accounting policy be amended to cater for such transfer."

GRAP 107: Mergers – Issued November 2010

"The compliance to the standard would have no effect on the present presentation of the Annual Financial Statement. However should in the future there be a merger between entities will the accounting policy be amended to cater for such merger transactions and disclosure."

POLOKWANE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
2. HOUSING DEVELOPMENT FUND	10 444 442	10 754 922
Unappropriated Surplus	7 464 471	7 774 951
Loans extinguished by Government in April 1998	2 979 971	2 979 971
The Housing Fund is represented by the following assets and liabilities:		
Property, plant and equipment	0	507 721
Housing selling scheme loans	1 255 138	1 605 037
Bank and cash	9 189 304	8 642 164
	10 444 442	10 754 922
3. RESERVES		
Revaluation Reserve	1 918 739 068	1 929 371 574
- Balance Beginning of the Year	1 929 371 574	1 935 956 825
- Realisation of reserve through derecognition / impairment	(13 573 154)	(6 585 251)
Revaluation of Land	2 940 648	-
4. BORROWINGS		
Non-Current Borrowings		
Local Registered Stock loans	164 628	366 595
Annuity loans	225 123 747	261 836 366
	225 288 375	262 202 961
Current Portion of Borrowings	36 905 952	36 384 956
Local Registered Stock loans	193 333	150 000
Annuity loans	36 712 619	36 234 956
	262 194 327	298 587 917
Refer to Appendix A for more detail on long term liabilities.		
The Fair value of all long term loans approximates their book value		
Long term loan commitments:		
The Municipality had entered into a loan agreement with the Development Bank of Southern Africa in February 2011 to borrow R320 million at a interest rate of 8.875% over 10 years.		
The Municipality had entered into a loan agreement with the Development Bank of Southern Africa in February 2011 to borrow R50 million at a interest rate of 11.52% over 10 years.		
These loans are from different sporting bodies at an interest rate of 10% repayable over 20 years. The last loans are repayable in 2017.		
5. CONSUMER DEPOSITS		
Water and electricity & other	65 650 273	63 788 114
No interest is paid on consumer deposits.		
Guarantees held in lieu of electricity and water deposits	10 221 261	10 221 261

POLOKWANE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	R	R
6. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Creditors	134 172 564	117 642 827
Amounts received in advance	35 221 307	32 079 138
Other	6 532 940	11 439 046
Guarantees	0	0
Leave bonus (13th cheque)	9 224 415	10 357 827
Staff leave	52 351 415	44 166 793
Retention withheld on projects	29 648 336	34 326 540
Unidentified receipts	12 863 557	14 536 662
VAT Payable (Output)	34 166 034	23 920 628
	314 180 569	288 469 461

7. CURRENT UNSPENT CONDITIONAL GRANTS FROM GOVERNMENT AND PUBLIC DONATIONS

Local Government Restructuring Grant	0	953 927
Public Transport Infrastructure and Systems Grant	111 917 691	42 338 277
Municipal Infrastructure Grant	136 106 614	137 656 169
Limpopo Provincial Government	2 949 710	2 949 710
Water Services Refurbishment Grant	7 731 052	2 057 677
Integrated National Electrification Programme Grant	0	1 374 328
Electricity Demand Side Management Grant	4 057 090	0
Housing Accreditation Grant	385 777	364 781
Local Government Transition Grant	0	649 874
Local Economic Development Grant	0	54 714
Neighbourhood Development Partnership Grant	0	0
Expanded Public Works Programme Incentive Grant	0	0
Department Sport & Recreation	3 270 508	0
KFW German Bank	2 007 735	0
National Lottery	6 153 144	6 153 144
Anglo Platinum	0	0
	274 579 322	194 552 601

See note 20 and 21 for reconciliation of unspent grants. These amounts are invested until utilised.

POLOKWANE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

8 PROPERTY, PLANT & EQUIPMENT

	Land R	Community Facilities	Infrastructure R	Other and Movable R	Finance lease R	Total R
Carrying values at 30 June 2012	77 348 352	1 897 811 480	5 346 523 087	146 396 664	-	7 482 949 911
Cost	77 348 352	3 155 679 824	10 626 152 965	251 982 559	-	14 128 617 427
Accumulated depreciation – cost	-	(1 257 868 344)	(5 279 629 878)	(105 585 895)	-	(6 645 667 516)
Acquisitions	-	2 799 252	196 806 616	6 753 729	34 968 607	241 252 594
Prior period adjustment	-	-	-	(8 748 190)	-	-
Capital Work in Progress	-	41 014 505	45 153 285	-	-	86 167 790
Depreciation – based on cost	-	(84 347 804)	(314 348 604)	(32 658 871)	(562 249)	(429 339 157)
Loss on disposal of assets	-	(237 101)	(22 911 994)	(6 280 213)	-	(29 429 307)
Cost	-	(441 665)	(42 059 080)	(15 112 114)	-	(57 612 859)
Accumulated depreciation	-	204 565	19 147 086	8 831 901	-	28 183 552
Carrying values at 30 June 2013	77 348 352	1 857 040 333	5 251 222 390	105 463 118	34 406 357	7 325 480 550
Cost	77 348 352	3 199 051 916	10 826 053 786	234 875 983	34 968 607	14 372 298 643
Accumulated Impairment	-	-	-	-	-	-
Accumulated depreciation – cost	-	(1 342 011 583)	(5 574 831 396)	(129 412 865)	(562 249)	(7 046 818 093)
Acquisitions	-	15 703 357	227 529 817	5 144 924	113 542 199	361 920 296
Restated Assets Prior year	-	-	-	-	-	-
Restated depreciation -Prior year	-	-	-	-	-	-
Capital Work in Progress	-	80 213 343	45 020 870	-	-	125 234 212
Depreciation – based on cost	-	(84 440 568)	(320 539 000)	(29 229 726)	(13 251 410)	(447 460 704)
Restated depreciation -Prior year	-	-	-	-	-	-
Impairment	-	(1 438)	(74 586)	-	-	(76 023)
Revaluation	2 940 648	-	-	-	-	2 940 648
Loss on disposal of assets	-	(10 673 492)	(31 628 210)	(42 345 946)	-	(84 647 648)
Cost	-	(21 293 004)	(67 188 111)	(95 860 852)	-	(184 341 968)
Accumulated depreciation	-	10 619 512	35 559 902	53 514 906	-	99 694 319
Carrying values at 30 June 2014	80 289 000	1 857 841 535	5 171 531 280	39 032 370	134 697 146	7 283 391 332
Cost	80 289 000	3 273 675 611	11 031 416 360	144 160 055	148 510 806	14 678 051 832
Accumulated Impairment	-	(1 438)	(74 586)	-	-	(76 023)
Accumulated depreciation – cost	-	(1 415 832 639)	(5 859 810 494)	(105 127 684)	(13 813 659)	(7 394 584 477)

Refer to Appendix B for more detail on property, plant & equipment, including the capital under construction.

Infrastructure and Community Assets: Annual review meetings were conducted with all Strategic Business Units during which impairment triggers and asset performance indicators were discussed and possible impairments were identified. In addition, insurance claims were also reviewed and considered as identifiers of possible impairment triggers. During physical field assessment, information pertaining to the condition and performance of these assets were recorded and further analysed to establish the impact on the value in use of identified components.

Movable assets: During the asset verification movable assets were identified that were not on the asset register. These assets were fair valued.

During the year Remaining Useful Lives have been reviewed on all depreciable assets. However, during the revaluation of infrastructure and the holistic approach adopted in the review of all asset portfolios, estimate lifespans have already been corrected and absorbed within the 2012 prior period error. As a result, no change in accounting estimate are required during the current financial year.

Land: Properties to the value of R33,011,000 for which title deeds are registered under the name of the Municipality, have not been included in the Municipality's financial records. These properties are represented by ex R 293 and other land parcels, vacant and improved, over which the municipality does not execute any form of control or have any legal claim to ownership.

Assets are not pledged as collateral.

8.1 INTANGIBLE ASSETS

	2014 R	2013 R
Carrying Value Opening Balance	14 901 886	17 016 261
Cost	21 453 871	21 453 871
Accumulated amortisation	(6 551 985)	(4 437 610)
Acquisitions	43 591	-
Amortisation – based on cost	(2 146 098)	(2 114 375)
Carrying Value Closing Balance	12 799 379	14 901 886
Cost	21 497 462	21 453 871
Accumulated amortisation	(8 698 083)	(6 551 985)

Reconciliation of Intangible Assets - 2014

	Carrying value Opening Balance R	Additions R	Capital Work in Progress R	Amortisation/Transf er R	Carrying value Closing Balance R
Computer infrastructure/systems & aerial photographs	13 896 896	43 591		(1 969 066)	11 971 421
Aerial photographs	1 004 990			(177 032)	827 957
	14 901 886			(2 146 098)	12 799 379

Reconciliation of Intangible Assets - 2013

	Carrying value Opening Balance R	Additions R	Capital Work in Progress R	Amortisation R	Carrying value Closing Balance R
Computer software	15 834 239			(1 937 343)	13 896 896
Aerial photographs	1 182 022			(177 032)	1 004 990
	17 016 261			(2 114 375)	14 901 886

POLOKWANE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 LUNE 2014

8.2. INVESTMENT PROPERTY

	2014	2013
	R	R
Carrying Value Opening Balance	538 058 898	530 066 952
Fair Value	538 058 898	530 066 952
Fair value adjustment	6 913 549	7 991 946
Fair Value	544 972 448	538 058 898

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

No Investment Properties were pledged as security.

There are no restrictions on investment properties.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The values were determined by an external Professional Valuer registered with the South African Council for the Property Valuers Profession, Registration No. 5000/05.

The value of investment property, comprising of land and buildings was determined by using a combination of valuation approaches. Each of these approaches assessed the reevance of each specific property based on their nature, use and comparable market transactions.

The preferred valuation methodology applied was that of comparable market related sales, based on use, location and extent. In cases where no reasnabale comparable sales were available, the discounted cash flow methodology was used based on market related rentals for similar properties.

Investment Properties were fair valued by Elke Roos, a registered professional valuer, registration number: (SACPVP) - Valuer: 5000/5-09/12/2013.

8.3 HERITAGE ASSETS

	2014	2013
	R	R
Carrying Value Opening Balance	3 671 704	3 671 704
Cost	3 671 704	3 671 704
Accumulated depreciation	-	-
Carrying Value Closing Balance	3 671 704	3 671 704

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciating owing to the uncertainty regarding their estimated useful lives.

Assets are not pledged as collateral

8.4 BIOLOGICAL ASSETS

	2014	2013
	R	R
Carrying Value Opening Balance	13 965 349	14 609 293
Fair value	13 965 349	14 609 293
Changes in fair value adjustments	2 667 651	(643 944)
Carrying Value Closing Balance	16 633 000	13 965 349
Fair value	16 633 000	13 965 349

All biological assets relate to game.

There were 1, 565 game at year end.

POLOKWANE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014 R	2013 R
9. INVESTMENTS			
Long Term Investments			
Standard Bank		58 999 800	58 999 800
Investment in municipal entity (PHA)		8 217 389	8 217 389
		<u>67 217 189</u>	<u>67 217 189</u>
Short Term Fixed Deposits			
	Interest rate Tenure		
ABSA Bank	% 3 months	0	50 000 000
First National Bank	% 3 months	0	40 000 000
Ned Bank	6.1 % 3 months	60 000 000	65 000 000
Standard Bank	5.975 % 3 months	50 000 000	65 000 000
		<u>110 000 000</u>	<u>220 000 000</u>
Total Investments		<u>177 217 189</u>	<u>287 217 189</u>
Council's valuation of investments		<u>177 217 189</u>	<u>287 217 189</u>
No investments have been written off during the year. Investments are held to maturity. The Standard Bank long term investment serves as guarantee for Eskom bulk purchases			
10. RECEIVABLES			
Non-Current Portion of Receivables			
Housing selling scheme loans		1 255 138	1 605 037
Sport loans		413 448	718 297
Erven loans		6 735 274	7 418 620
Loan to Subsidiary - Polokwane Housing Association		7 595 282	6 662 528
		15 999 142	16 404 483
Current Portion of Receivables			
Current portion transferred to current receivables		7 846 722	8 595 490
Housing selling scheme loans		17 870	40 015
Sport loans		193 333	257 319
Erven loans		6 572 180	7 365 402
Polokwane Housing Association		1 063 339	932 754
		<u>8 152 419</u>	<u>7 808 993</u>
Housing selling scheme loans			
These loans attract interest rates at 9% and were given over a period of 30 years.			
Sport loans			
These loans were given to sporting bodies at an interest rate of 10% repayable over 20 years. The remaining loans are repayable in 2017.			
Erven loans			
These loans were granted to the community for the purchase of stands. The loans attract interest rates at 9% over a period of 5 years.			
Loan to Subsidiary			
An interest free loan was given to the Polokwane Housing Association. The loan is repayable in 2017.			

POLOKWANE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
11. INVENTORY		
Opening balance of inventories	40 822 205	60 155 470
Consumables stores - at cost	40 487 443	46 845 471
Other goods held for resale - at cost	0	13 068 651
Water	334 762	241 348
Additions	172 618 635	153 394 157
Consumables stores	25 956 813	27 906 335
Other goods held for resale	0	0
Water	146 661 822	125 487 822
Issued (Expensed)	-172 220 187	-159 658 771
Consumables stores	-25 633 413	-34 264 363
Other goods held for resale	0	0
Water	-146 586 774	-125 394 408
write-down/ (reversal of write-down) to Net replacement Value and stolen	0	0
Consumables stores	0	0
Closing balances of inventories	41 220 653	40 822 205
Consumable stores - at cost	40 810 843	40 487 443
Water - at cost	409 810	334 762
Only unsold properties listed under inventory which were Consumable stores fair value disclosed is based on the weighted average calculation method		
12. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSCATIONS		
Consumer Debtors	720 269 009	576 958 509
Sale of water and electricity 15 to 30June	29 291 140	27 245 873
	749 560 149	604 204 382
Less Provision for bad debts	-397 008 262	-221 833 013
Less Debtors discount allowance	0	-31 398 377
Less contra debtors suspense account	0	0
Plus outstanding RD cheques	1 646 183	1 073 809
	354 198 069	352 046 801
Ageing of consumer debtors		
Current (0-30 days)	120 500 970	152 686 160
31-60 days	46 223 034	28 496 912
61-90 days	28 173 281	18 690 249
91-120 days	27 432 626	17 460 695
120+ days	527 230 237	386 870 367
	749 560 149	604 204 382
Consumer debtors per category		
Government	27 546 665	4 314 815
Business	196 319 063	170 450 634
Individuals	429 905 789	257 847 424
Other	95 788 632	171 591 509
	749 560 149	604 204 382
The analysis and ageing of consumer debtors per service.		
Water		
Current (0-30 days)	34 646 308	
31-60 days	131 259	
61-90 days	10 566 459	
91-120 days	8 861 209	
120+ days	134 676 281	
	188 881 516	
Electricity		
Current (0-30 days)	50 511 958	
31-60 days	19 147	
61-90 days	6 011 779	
91-120 days	4 529 882	
120+ days	55 080 794	
	116 153 560	

POLOKWANE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
Property Rates		
Current (0-30 days)	31 496 565	
31-60 days	0	
61-90 days	7 970 715	
91-120 days	6 782 147	
120+ days	106 153 625	
	152 403 052	
Sewerage		
Current (0-30 days)	4 865 213	
31-60 days	3 577	
61-90 days	957 204	
91-120 days	810 068	
120+ days	10 722 148	
	17 358 210	
Refuse		
Current (0-30 days)	6 678 854	
31-60 days	8 292	
61-90 days	1 373 147	
91-120 days	1 144 315	
120+ days	16 082 927	
	25 287 535	
Other Consumer Receivable		
Current (0-30 days)	-23 907 328	
31-60 days	1 154	
61-90 days	900 291	
91-120 days	3 988 389	
120+ days	268 493 770	
	249 476 276	
Reconciliation of bad debt provision		
Balance at beginning of year	221 833 013	168 346 946
Contributions to provision	180 154 437	53 486 067
Bad debts recovered/(written off) against provision	-4 979 188	0
Over provision previous year		
Balance at year end	397 008 262	221 833 013
<u>Trade and other receivables past due but not impaired</u>		
Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2012, R - (2011: R -) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
1 month past due		
2 months past due		
3 months past due		
<u>Trade and other receivables impaired</u>		
As of 30 June 2012, trade and other receivables of R - (2011: R -) were impaired and provided for.		
The amount of the provision was R - as of 30 June 2012(2011: R -).		
The ageing of these receivables is as follows:		
3 to 6 months		
Over 6 months		
The fair value of trade and other receivables approximates their carrying amounts.		
13 OTHER RECEIVABLES FROM NON- EXCHANGE TRANSACTIONS		
Other debtors	3 059 680	8 838
VAT Claimable (Not due)	15 086 185	12 047 863
Tax on bonuses	0	3 136 259
Fines	24 202 920	
Computicet	669 961	2 403 548
Banks- Accrued Interest	1 743 847	1 038 991
Amounts paid in advance	4 581 168	0
Deposits	605 050	557 900
	49 948 811	19 193 398
14 VAT		
SARS dispute on VAT	0	9 543 009
VAT refundable by SARS	15 666 615	12 122 823
	15 666 615	21 665 832
VAT is payable on cash basis. In the current financial year, the VAT dispute with SARS has been resolved in the favour of the Municipality.		

POLOKWANE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014 R	2013 R
15	CASH AND CASH EQUIVALENTS		
	The municipality has the following bank accounts:		
	Current account (primary bank account)		
	Standard Bank: Polokwane	67 886 848	51 438 356
	Account number: 030172349		
	Bank statement balance at beginning of year	49 520 030	9 072 633
	Bank statement balance at end of year	<u>72 075 817</u>	<u>49 520 030</u>
	Cash book balance at beginning of year	51 438 356	10 866 064
	Cash book balance at end of year	<u>67 886 848</u>	<u>51 438 356</u>
	Current account (grants)		
	Standard Bank: Polokwane	242 063 970	
	Account number: 330535250		
	Bank statement balance at beginning of year	0	0
	Bank statement balance at end of year	<u>242 063 970</u>	<u>0</u>
	Cash book balance at beginning of year	0	0
	Cash book balance at end of year	<u>242 063 970</u>	<u>0</u>
	Housing Account		
	Standard Bank: Polokwane	385 777	364 781
	Account number: 330535269		
	Bank statement balance at beginning of year	364 781	349 572
	Bank statement balance at end of year	<u>364 781</u>	<u>364 781</u>
	Cash book balance at beginning of year	364 781	349 572
	Cash book balance at end of year	<u>385 777</u>	<u>364 781</u>
	Other	2 196 713	233 429
	Petty cash	24 710	24 710
	Total cash and cash equivalents	<u>312 558 018</u>	<u>52 061 276</u>
16	NON-CURRENT ASSETS HELD FOR SALE		
	Property, plant and equipment	2 580 319	0
	Investment property	0	0
	Other assets	0	0
		<u>2 580 319</u>	<u>0</u>
	The municipality did not have Non-current assets held for sale in the prior financial year.		
17	PROPERTY RATES		
	Residential	103 072 197	96 548 725
	Government	31 757 443	28 576 139
	Commercial	130 545 578	102 224 099
	Other	31 469 440	27 371 952
		<u>296 844 657</u>	<u>254 720 916</u>
	VALUATIONS	R000's	R000's
	Residential	21 677 041	21 139 990
	Government	3 709 018	3 489 818
	Commercial	13 629 236	12 508 822
	Municipal	2 072 234	2 057 748
	Other	6 584 249	6 348 468
		<u>47 671 778</u>	<u>45 544 846</u>
	Valuations on land are performed every four years and the last general valuation come into effect on 1 July 2010. The basic rate for 2013/14 was .024614c in the Rand on the market value of the property. Different rebates are granted to owners dependent on the category of the rateable property.		
18	SERVICE CHARGES		
	Sale of electricity	617 228 424	605 486 199
	Sale of water	164 600 189	164 175 447
	Refuse removal	54 870 829	51 409 165
	Sewerage and sanitation charges	48 587 653	46 448 945
		<u>885 287 095</u>	<u>867 519 757</u>

POLOKWANE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014 R	2013 R
19	RENTAL OF FACILITIES AND EQUIPMENT		
	Rental of facilities	17 132 411	12 467 134
	Rental of equipment	0	0
	Total rentals	17 132 411	12 467 134
20	GOVERNMENT GRANTS & SUBSIDIES & PUBLIC CONTRIBUTIONS		
	<i>Operating Grants from Government</i>	516 199 287	501 274 579
	Equitable share	415 990 000	388 232 000
	Municipal systems improvement grant	890 000	800 000
	Local govt economic development grant	54 714	0
	Local govt transition grant	649 874	0
	Local govt restructuring grant	953 927	0
	Water services operating grant	0	3 273 000
	Finance management grant	1 650 000	1 500 000
	Municipal infrastructure grant	26 592 951	37 821 957
	Integrated national electrification programme grant	36 374 328	14 625 672
	Electricity demand side management grant	0	7 030 429
	Expanded public works programme incentive grant	4 614 000	5 300 000
	National Lottery	0	0
	Public transport infrastructure and systems grant	0	39 320 324
	Other grants	0	0
	Infrastructure skills development grant	3 200 000	3 000 000
	Sport & Recreation	25 229 492	371 197

POLOKWANE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
Capital Grants from Government	350 188 424	187 076 977
Municipal infrastructure grant	217 144 604	157 434 655
Finance management grant	0	0
Integrated national electrification programme grant	0	0
Electricity demand side management grant	5 942 610	3 507 129
Public transport infrastructure and systems grant	129 181 585	1 321 254
Expanded public works programme incentive grant	0	2 464 617
Neighbourhood development grant	0	18 000 000
KFW German bank	0	0
Anglo platinum	0	0
Water services refurbishment grant	-2 080 375	4 349 323
Capital Grants from Public Contributions	5 583 999	0
KFW German bank	5 571 999	0
CoGHSTA	12 000	0
Total Government Grants & Subsidies & Public Contributions	871 971 710	688 351 556
20.1 Equitable Share		
Balance unspent at beginning of year	0	0
Current year receipts	415 990 000	388 232 000
Conditions met – transferred to revenue	-415 990 000	-388 232 000
	0	0
This grant is an unconditional grant and is partially utilized for the provision of indigent support through free basic services. Registered indigents receive a maximum monthly subsidy of R145.00 which is funded from this grant.		
20.2 Restructuring Grant		
Balance unspent at beginning of year	953 927	953 927
Current year receipts	0	0
Transferred to revenue	-953 927	0
Unspent amount transferred to liabilities (see note 7)	0	953 927
The grant was used for various restructuring initiatives. The remaining portion was transferred to revenue		
20.3 Finance Management Grant		
Balance unspent at beginning of year	0	0
Current year receipts	1 650 000	1 500 000
Conditions met – transferred to revenue	-1 650 000	-1 500 000
Unspent amount transferred to liabilities (see note 7)	0	0
This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. The conditions of the grant were met. No funds have been withheld.		
20.4 Water Services Operating Subsidy Grant		
Current year receipts	0	3 273 000
Conditions met – transferred to revenue	0	-3 273 000
Unspent amount transferred to liabilities (see note 7)	0	0
The grant was utilised to subsidize salaries of staff and repair and maintenance of water schemes transferred by DWAF.		
20.5 Public Transport Infrastructure and Systems Grant		
Balance unspent at beginning of year	42 338 276	34 276 855
Current year receipts	198 761 000	48 703 000
Conditions met – transferred to revenue	-129 181 585	-40 641 579
Paid back to National Treasury	0	0
Unspent amount transferred to liabilities (see note 7)	111 917 691	42 338 276
The grant was used for public transport and non motorised transport infrastructure.		

POLOKWANE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
20.6		
Municipal Systems Improvement Grant		
Balance unspent at beginning of year	0	0
Current year receipts	890 000	800 000
Conditions met – transferred to revenue	-890 000	-800 000
Unspent amount transferred to liabilities	0	0
(see note 7)		
The purpose of the grant is for institutional systems. The grant was utilised.		
GOVERNMENT SUBSIDIES & GRANTS (CONTINUED)		
20.7		
Department of Sport & Recreation		
Balance unspent at beginning of year	0	371 197
Current year receipts	28 500 000	0
Conditions met – transferred to revenue	-25 229 492	-371 197
Unspent amount transferred to liabilities	3 270 507	0
(see note 7)		
This grant was utilised for sport related operating expenses including CHAN Games. The conditions of the grant were met and no funds have been withheld.		
20.8		
Municipal Infrastructure Grant		
Balance unspent at beginning of year	137 656 169	111 398 780
Current year receipts	242 188 000	221 514 000
Conditions met – transferred to revenue	-243 737 555	-195 256 611
Paid back to National Treasury	0	0
Unspent amount transferred to liabilities	136 106 614	137 656 169
(see note 7)		
This grant was used to construct municipal infrastructure to provide basic services for the benefit of poor households. The conditions of the grant were met and no funds have been withheld.		
20.9		
Limpopo Provincial Government		
Balance unspent at beginning of year	2 949 710	2 949 710
Current year receipts	0	0
Conditions met – transferred to revenue	0	0
Unspent amount transferred to liabilities	2 949 710	2 949 710
(see note 7)		
The grant was utilised in the planning phase of the Convention Centre		
20.10		
Water Services Refurbishment Grant		
Balance unspent at beginning of year	2 057 677	6 407 000
Current year receipts	10 000 000	0
Conditions met – transferred to revenue	-2 268 948	-4 349 323
Transaction reversed- Previous year expenditure	4 349 323	0
Paid back to National Treasury	-6 407 000	0
Unspent amount transferred to liabilities	7 731 053	2 057 677
(see note 7)		
The grant was utilised to subsidise water & sewer schemes transferred by DWAF.		
20.11		
Limpopo Local Government & Housing		
Balance unspent at beginning of year	364 781	349 572
Current year receipts	20 996	15 209
Conditions met – transferred to revenue	0	0
Unspent amount transferred to liabilities	385 777	364 781
(see note 7)		
The grant was used to fund the housing accreditation process		
20.12		
Local Government Transition Grant		
Balance unspent at beginning of year	649 874	649 874
Current year receipts	0	0
Transferred to revenue	-649 874	0
Unspent amount transferred to liabilities	0	649 874
(see note 7)		
The grant was used to fund the local government transitional phase. The remaining portion was transferred to revenue		

POLOKWANE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
20.13 Local Economic Development Grant		
Balance unspent at beginning of year	54 714	54 714
Current year receipts	0	0
Transferred to revenue	-54 714	0
Unspent amount transferred to liabilities	0	54 714
(see note 7)		
The grant was used to fund local economic development processes. The remaining portion was transferred to revenue		
20.14 Integrated National Electrification Programme Grant		
Balance unspent at beginning of year	1 374 328	0
Current year receipts	35 000 000	16 000 000
Conditions met – transferred to revenue	-36 374 328	-14 625 672
Paid back to National Treasury	0	0
Unspent amount transferred to liabilities	0	1 374 328
(see note 7)		
The grant was used to fund projects to address electrification backlogs in rural areas .		
20.15 Electricity Demand Side Management Grant		
Balance unspent at beginning of year	0	8 537 558
Current year receipts	9 999 700	2 000 000
Conditions met – transferred to revenue	-5 942 610	-10 537 558
Paid back to National Treasury	0	0
Unspent amount transferred to liabilities	4 057 090	0
(see note 7)		
The grant was used to fund projects in order to mitigate the risk of load shedding and supply interruptions .		
20.16 Expanded Public Works Programme Incentive Grant		
Balance unspent at beginning of year	0	2 464 617
Current year receipts	4 614 000	5 300 000
Conditions met – transferred to revenue	-4 614 000	-7 764 617
Unspent amount transferred to liabilities	0	0
(see note 7)		
The grant was used to fund projects in order to maximise job creation and skills development .		
20.17 Neighbourhood Development Partnership Grant		
Balance unspent at beginning of year	0	0
Current year receipts	0	18 000 000
Conditions met – transferred to revenue	0	-18 000 000
Unspent amount transferred to liabilities	0	0
(see note 7)		
The grant was used to fund projects in order to provide community infrastructure to improve quality of life of residents in townships .		
20.18 Skills Development Fund		
Balance unspent at beginning of year	0	0
Current year receipts	3 200 000	3 000 000
Conditions met – transferred to revenue	-3 200 000	-3 000 000
Unspent amount transferred to liabilities	0	0
(see note 7)		
The grant was paid over to Lepelle Northern Water Board accordance a 3 party agreement with National Treasury.		

POLOKWANE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
21 PUBLIC CONTRIBUTIONS, DONATED & CONTRIBUTED PROPERTY, PLANT & EQUIPMENT		
Balance unspent at beginning of year (Lottery)	6 153 144	6 153 144
Current year receipts (German Bank)	7 579 734	0
Current year receipts (CoGHSTA)	12 000	
Conditions met – transferred to revenue (Lottery)	0	
Conditions met – transferred to revenue (German Bank)	-5 571 999	0
Conditions met – transferred to revenue (CoGHSTA)	-12 000	
Unspent amount transferred to liabilities	8 160 879	6 153 144
(see note 7)		
The Lottery funds were not utilised during the year but budgeted for in the next financial year. The German bank funds were partially used for NMT roads project. CoGHSTA funds were used in full for computer equipment.		
Total Unspent government grants & Subsidies & Public Contributions	274 579 321	194 552 601
See note 7 for reconciliation		
22 INVESTMENT REVENUE EXTERNAL INVESTMENTS		
Current account 1	9 525 831	9 889 404
Current account 2	6 045 101	0
External investments	14 043 063	12 308 626
Investment in PHA	932 754	818 205
	30 546 748	23 016 680
23 OTHER REVENUE FROM NON EXCHANGE TRANSACTIONS		
Building plan fees	5 283 123	4 901 517
Burial fees	544 146	539 707
Sale of erven	514 561	
Surcharge excess water consumption	47 080 053	56 884 235
Royalties Silicon	0	2 197 121
Services contributions	0	0
Reconnection and notice fees	0	0
Refund Seta levy	810 892	3 278 471
Laboratory tests	0	0
Retention forfeited	6 861 905	0
Insurance claims	2 528 061	1 743 513
Admission fees	767 061	664 060
Tender deposits	1 445 597	777 618
Suspence accounts transferred to revenue	4 188 402	
Gain on change in accounting basis for VAT	0	0
Sale of vehicles	0	1 314 995
Sundry income	10 168 553	9 046 030
	80 192 355	81 347 268
24 EMPLOYEE RELATED COSTS		
Employee related cost - Salaries and wages	290 486 915	254 496 324
Employee related cost - Social contributions	67 984 108	62 131 459
Motor car allowances	31 732 004	28 681 202
Housing benefits and other allowances	9 107 894	9 528 526
Overtime benefits	38 579 627	34 237 762
Leave bonus provision	-1 133 412	2 919 370
Leave reserve provision	16 490 296	7 356 495
Long term service awards	2 654 443	12 703 524
	455 901 875	412 054 662
There were no advances paid to employees.		

POLOKWANE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
Municipal Manager		
Annual remuneration	1 225 259	988 138
Motor car allowance	168 000	168 000
Council Contributions	<u>260 854</u>	<u>249 020</u>
	<u>1 654 113</u>	<u>1 405 158</u>
Chief Financial Officer		
Annual remuneration	1 300 191	796 333
Motor car allowance	120 000	36 000
Council Contributions	<u>1 859</u>	<u>15 781</u>
	<u>1 422 050</u>	<u>848 114</u>
Director Planning & Economic Development		
Annual remuneration	706 434	666 859
Motor car allowance	156 000	156 000
Council Contributions	<u>180 408</u>	<u>160 321</u>
	<u>1 042 842</u>	<u>983 180</u>
Director Engineering Services		
Annual remuneration	674 688	193 428
Motor car allowance	220 000	56 000
Council Contributions	<u>170 258</u>	<u>49 255</u>
	<u>1 064 946</u>	<u>298 683</u>
Director Community Services		
Annual remuneration	671 061	589 936
Motor car allowance	216 000	216 000
Council Contributions	<u>183 533</u>	<u>172 602</u>
	<u>1 070 594</u>	<u>978 538</u>
Director Corporate & Shared Services		
Annual remuneration	894 240	832 887
Motor car allowance	144 000	144 000
Council Contributions	<u>1 859</u>	<u>1 665</u>
	<u>1 040 099</u>	<u>978 552</u>
Director Community Development		
Annual remuneration	1 002 281	722 501
Motor car allowance	0	84 000
Council Contributions	<u>1 859</u>	<u>90 542</u>
	<u>1 004 141</u>	<u>897 044</u>
Director Strategic Planning, Monitoring & Evaluation		
Annual remuneration	800 811	337 690
Motor car allowance	48 000	61 984
Council Contributions	<u>188 857</u>	<u>83 259</u>
	<u>1 037 668</u>	<u>482 933</u>
Director Transportation Services		
Annual remuneration	738 763	435 213
Motor car allowance	168 000	112 000
Council Contributions	<u>166 406</u>	<u>99 491</u>
	<u>1 073 169</u>	<u>646 704</u>
No performance bonuses were paid out in terms of Section 57 of the Municipal Systems Act.		

POLOKWANE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014 R	2013 R
25	REMUNERATION OF COUNCILLORS		
	Executive Mayor	866 207	821 459
	Speaker	701 330	644 878
	Chief Whip	639 158	605 721
	Mayoral Committee members	4 715 282	4 288 594
	Councillors	<u>17 120 796</u>	<u>15 561 637</u>
		<u>24 042 773</u>	<u>21 922 288</u>
	In-kind Benefits		
	The Executive Mayor, Speaker and certain Mayoral Committee Members are full time. Each is provided with an office and secretarial support at the cost of Council. The Executive Mayor has use of a Council owned vehicle.		
26	FINANCE COST		
	Local Registered Stock loans	42 897	51 659
	Finance leases	10 836 911	480 860
	Annuity loans	<u>26 274 176</u>	<u>29 513 280</u>
		<u>37 153 984</u>	<u>30 045 799</u>
27	BULK PURCHASES		
	Electricity	477 745 014	455 813 130
	Water	<u>141 407 828</u>	<u>125 487 822</u>
		<u>619 152 841</u>	<u>581 300 952</u>
28	GRANT AND SUBSIDIES PAID		
	Animal care : SPCA	240 000	240 000
	Grant - PHA	<u>6 700 000</u>	<u>5 300 000</u>
		<u>6 940 000</u>	<u>5 540 000</u>
29	GENERAL EXPENSES		
	See Annexure H for full information on Other expenditure	<u>365 245 881</u>	<u>416 927 317</u>

POLOKWANE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

				2014 R	2013 R
30	PRIOR PERIOD ERRORS				
30.1	Traffic fines were recognised and measured during the year.				
30.2	Debtors discount allowance have been reversed during the year.				
	Statement of financial position				
	The comparative amount has been restated as follows:				
	Trade and other receivables from exchange transactions			0	31 398 377
	Other receivables from non-exchange transactions Fines			0	14 645 730
	Net effect on Accumulated Surplus opening balance			0	46 044 107
30.3	<u>Prior period error - Capital assets under construction</u>				
	During the 2013/24 financial period, it was discovered that all capital assets under construction as previously disclosed were analysed as part of the overall asset revaluation process. During this process a number of reclassifications and corrections were required to the capital under construction which led to a change in the comparative accumulated surplus. The impact of the above is as follows:				
		Total		Community Assets	Infrastructure
		2013	2012	2013	2012
	Statement of Financial Position				
	Correction of error - WIP closing balance	-	244 595 072.16	-	43 989 654.70
	Increase / (Decrease) in PPE		244 595 072.16		43 989 654.70
	Statement of Changes in Net Assets				
	Increase / (Decrease) in accumulated surplus	-	- 244 595 072.16	-	- 43 989 654.70
					200 605 417.46
30.4	<u>Prior period error - Heritage Assets</u>				
	During the 2013/14 financial period the municipality embarked on a process to review all its asset portfolios, including Investment Properties. As a result, various classifications and corrections were required. These corrections had the following impact on the comparative information				
	Heritage Assets	Total		Heritage Assets	
		2013	2012	2013	2012
	Statement of Financial Position				
	Correction of error - Heritage Assets	-	(7 498 483.76)	-	(7 498 483.76)
	Increase / (Decrease) in PPE		(7 498 483.76)		(7 498 483.76)
	Statement of Changes in Net Assets				
	Increase / (Decrease) in accumulated surplus		(7 498 483.76)		(7 498 483.76)
30.5	Investment Properties	Total		Investment Properties	
		2013	2012	2013	2012
	Statement of Financial Position				
	Correction of error - Investment Properties	-	295 464 622.63	-	295 464 622.63
	Increase / (Decrease) in PPE		295 464 622.63		295 464 622.63
	Statement of Financial Performance				
	Correction of error - Fair Value adjustment	7 991 946.30			
	Increase / (Decrease) in Fair Value	7 991 946.30			
	Statement of Changes in Net Assets				
	Increase / (Decrease) in accumulated surplus	7 991 946.30			
30.6	Intangible Assets	Total		Intangible Assets	
		2013	2012	2013	2012
	Statement of Financial Position				
	Correction of error - Intangible Assets	-	(12 829 006.72)	-	(12 829 006.72)
	Correction of Error - Accumulated Depreciation	1 802 209.97	8 094 381.23	1 802 209.97	8 094 381.23
	Increase / (Decrease) in PPE	1 802 209.97	(4 734 625.49)	1 802 209.97	(4 734 625.49)
	Statement of Financial Performance				
	Correction of error - Depreciation	(1 802 209.97)	-	(1 802 209.97)	-
	(Increase) / Decrease in depreciation	(1 802 209.97)	-	(1 802 209.97)	-
	Statement of Changes in Net Assets				
	Increase / (Decrease) in accumulated surplus	(1 802 209.97)	(4 734 625.49)	-	(4 734 625.49)

POLOKWANE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

				2014 R	2013 R
30.7	Movable Assets	Total		Movable Assets	
		2013	2012	2013	2012
	Statement of Financial Position				
	Correction of error -Movable Assets	-	1 801 467.08	-	1 801 467.08
	Correction of Error - Accumulated Depreciation	(8 158 862.52)	(15 818 065.69)	(8 158 862.52)	(15 818 065.69)
	Increase / (Decrease) in PPE	(8 158 862.52)	(14 016 598.62)	(8 158 862.52)	(14 016 598.62)
	Statement of Financial Performance				
	Correction of error - Depreciation	10 190 454.75		10 190 454.75	
	Correction of error - Profit / (Loss) on Disposal	(2 031 592.24)		(2 031 592.24)	
	(Increase) / Decrease in depreciation	8 158 862.52		8 158 862.52	-
	Statement of Changes in Net Assets				
	Increase / (Decrease) in accumulated surplus	-	(14 016 598.62)	-	(14 016 598.62)
30.8	Land	Total		Land	
		2013	2012	2013	2012
	Statement of Financial Position				
	Correction of error -Land	-	(8 639 028.64)	-	(8 639 028.64)
	Correction of Error - Revaluation Reserve	-	770 838 771.14	-	770 838 771.14
	Increase / (Decrease) in PPE	-	762 199 742.50	-	762 199 742.50
	Statement of Changes in Net Assets				
	Increase / (Decrease) in accumulated surplus	-	762 199 742.50	-	762 199 742.50
30.9	Finance Leased Assets	Total		Finance Leased Assets	
		2013	2012	2013	2012
	Statement of Financial Position				
	Correction of error -Finance Leased Assets	(9 748 552.52)	-	(9 748 552.52)	
	Correction of Error - Accumulated Depreciation	12 340 477.09		12 340 477.09	
	Correction of Error - Finance Lease Liability	(2 138 408.03)	-	(2 138 408.03)	
	Increase / (Decrease) in PPE	453 516.54	-	453 516.54	-
	Statement of Financial Performance				
	Correction of error - Depreciation	124 642.38		124 642.38	
	(Increase) / Decrease in depreciation	124 642.38		124 642.38	-
	Statement of Changes in Net Assets				
	Increase / (Decrease) in accumulated surplus	578 158.92	-	578 158.92	-
31	CASH GENERATED FROM/(UTILISED IN) OPERATIONS				
	Net surplus for the year			-63 229 746	-126 383 818
	Adjustment for:				
	Current year adjustment			-310 480	18 033 140
	Prior year adjustment- Fines			14 645 730	
	Provision for bad debt			194 691 023	53 486 067
	Gain / (loss) on fair value adjustment			61 645 340	-7 348 002
	Debtors discount allowance			31 398 377	10 850 896
	Depreciation charges			449 606 802	431 453 532
	Correction of prior year error Debtors			0	0
	Interest received			-30 546 748	-23 016 680
	Interest paid			37 153 984	30 045 799
	Non-operating income			0	
	Non-operating expenditure				
	Operating surplus before working capital changes			692 473 964	387 120 934
	(Increase)/decrease in inventories			-398 448	6 264 614
	(Increase)/decrease in debtors			-196 842 292	-138 334 157
	(Increase)/decrease in other debtors			-30 755 412	-5 131 716
	Increase/(decrease) in conditional grants			80 026 720	19 985 653
	Increase/(decrease) in creditors			25 711 107	70 050 416
	Increase/(decrease) in provisions			10 401 235	0
	(Increase)/decrease in VAT			0	0
	Working capital			-111 857 091	-47 165 190
	Cash generated by operations			580 616 873	339 955 745
32	ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003				
32.1	Contribution to SALGA				
	Council membership fees payable			4 126 626	3 504 536
	Amount paid current year			-4 126 626	-3 504 536
	Balance unpaid (included in creditors)			0	0
32.2	Audit Fees				
	Current year audit fee			4 897 935	3 247 043
	Amount paid current year			-4 897 935	-3 247 043
	Balance unpaid (included in creditors)			0	0

POLOKWANE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
32.3 VAT		
Since July 2012 VAT is payable on cash basis. VAT input receivables and VAT output payable are shown in note 14. All VAT returns have been submitted by the due date throughout the year.		
32.4 Pay as You Earn (PAYE)		
Current payroll deductions	62 330 997	53 391 996
Amount paid current year	<u>-62 330 997</u>	<u>-53 391 996</u>
Balance unpaid	<u><u>0</u></u>	<u><u>0</u></u>
32.5 Unemployment Insurance Fund (UIF)		
Current payroll deductions	5 020 662	4 225 456
Amount paid current year	<u>-5 020 662</u>	<u>-4 225 456</u>
Balance unpaid	<u><u>0</u></u>	<u><u>0</u></u>
32.6 Medical Aid		
Current payroll deductions	30 058 163	27 845 089
Amount paid current year	<u>-30 058 163</u>	<u>-27 845 089</u>
Balance unpaid	<u><u>0</u></u>	<u><u>0</u></u>
32.7 Pension Fund		
Current payroll deductions	67 132 567	62 381 828
Amount paid current year	<u>-67 132 567</u>	<u>-62 381 828</u>
Balance unpaid	<u><u>0</u></u>	<u><u>0</u></u>

32.8 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2014

	Total R	Outstanding less than 90 days R	Outstanding more than 90 days R
L M MOTHIBA	23 411	25	23 386
MW LETSOALO	22 098	5 065	17 033
N J MOKGOKONG	9 483	1 790	7 693
M J LEKOTA	5 495	94	5 401
MA THOBEJANE	1 214	1 214	0
T S P MOJAPELO	1 102	174	928
F P GREAYER	722	235	487
SEDIBANE M J & D M	505	352	154
M M PETA	293	179	114
M P PHADU	128	89	39
Total Councillor Arrear Consumer Accounts	<u><u>64 452</u></u>	<u><u>9 216</u></u>	<u><u>55 236</u></u>

Highest Amount Outstanding

	R	Ageing Days
L M MOTHIBA	23 386	90+
MW LETSOALO	17 033	90+
N J MOKGOKONG	7 693	90+
M J LEKOTA	5 401	90+
T S P MOJAPELO	928	90+
F P GREAYER	487	90+

33 COMMITMENTS

Commitments in respect of expenditure:

Capital expenditure	<u>205 131 917</u>	<u>204 610 277</u>
Operating expenditure	<u>197 670 223</u>	<u>204 610 277</u>
	<u>7 461 694</u>	<u>0</u>

The expenditure will be financed from:

- Government and other Grants	<u>205 131 917</u>	<u>204 610 277</u>
- Capital Replacement Reserve	<u>191 453 722</u>	<u>183 426 462</u>
	<u>13 678 195</u>	<u>21 183 815</u>

POLOKWANE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
34 CONTINGENT LIABILITIES	<u>9 817 999</u>	<u>10 636 726</u>
See Annexure G for full detail on Contingent Liabilities	<u>9 817 999</u>	<u>10 636 726</u>
The above legal matters are ongoing and have not yet been finalized.		

**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL
EXPENDITURE DISALLOWED**

	2014 R	2013 R
35.1 Unauthorized expenditure		
Reconciliation of unauthorized expenditure		
Opening balance	532 398 298	412 508 328
Unauthorized expenditure current year	371 597 825	119 889 970
Approved by Council or condoned	(532 398 298)	-
Transfer to receivables for recovery	-	-
Unauthorized expenditure awaiting authorization	<u>371 597 825</u>	<u>532 398 298</u>

Current year's unauthorised expenditure is attributed to the fact that the actual expenditure on depreciation and impairment exceeded the budget. However, both items do not involve the flow of cash. Prior year's unauthorised expenditure was authorised by council.

35.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening balance -	2 692 832	2 692 832
Fruitless and wasteful expenditure current year:		
Interest paid to Lepelle Northern Water		-
Commitment fee paid to DBSA		-
Condoned or written off by Council	(2 692 832)	-
To be recovered – contingent asset		-
Fruitless and wasteful expenditure awaiting condonement	<u>-</u>	<u>2 692 832</u>

Prior year's fruitless and wasteful expenditure has been written off by council.

35.3 Irregular expenditure

Reconciliation of irregular expenditure		
Opening balance	229 763 628	222 718 967
Irregular expenditure current year	95 576 842	7 044 661
Overtime paid in contravention of the Basic Conditions of Employment		-
Condoned or written off by Council	-	-
Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonement	<u>325 340 470</u>	<u>229 763 628</u>

Council has concluded the investigations on irregular expenditure and - awaiting for condonation from National Treasury.

36 PROVISIONS

36.1 Provision for rehabilitation of landfill sites

Carrying amount at beginning of year	3 686 486	3 351 351
Additions during the year	368 649	335 135
Reductions during the year	0	0
Carrying amount at end of year	<u>4 055 135</u>	<u>3 686 486</u>

The Weltevreden Landfill Site is a permitted facility in terms of Section 20 of the Environmental Conservation Act (Act 73 of 1989) and is located on portion 4 of the farm Weltevreden 746 LS - District Polokwane. The expected life span of the site is a further 9.7 years

36.2 Provision for outstanding fines

Carrying amount at beginning of year	14 645 730	0
Additions during the year	9 557 190	0
Reductions during the year	-9 666 334	0
Carrying amount at end of year	<u>14 536 586</u>	<u>0</u>

36.3 Post-Employment Health Care Benefits

Fair value of plan assets	-	-
Accrued liability	151 027 000	160 387 000
Unfunded Accrued Liability	<u>151 027 000</u>	<u>160 387 000</u>
Net Liability in Balance Sheet	<u>151 027 000</u>	<u>160 387 000</u>

Reconciling and projecting the unfunded accrued liability

POLOKWANE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS ENDED 30 JUNE 2013

Unfunded Accrued Liability

Opening balance	160 387 000	154 437 733
Current-service cost	7 501 000	8 127 359
Interest cost	12 743 000	14 239 159
Actuarial (Gain)/Loss	(24 234 519)	(11 662 901)
Actual employer benefit payments	(5 369 481)	(4 754 350)
Closing Balance	151 027 000	160 387 000

Net liability to reflect in the balance sheet

Opening balance	160 387 000	154 437 733
Current-service cost	7 501 000	8 127 359
Interest	12 743 000	14 239 159
Actuarial (Gain)/loss recognised	(24 234 519)	(11 662 901)
Net Periodic Cost Recognised in P&L	156 396 481	165 141 350
Actual employer benefits payments	(5 369 481)	(4 754 350)
Closing Balance	151 027 000	160 387 000

The following assumptions has been used for current and prior year

Discount rate	8.94%	7.89%
Health care cost inflation rate	8.05%	7.14%

36.4 Long Service Awards

Accrued liability	26 932 000	24 897 000
Unfunded Accrued Liability	26 932 000	24 897 000
Net Liability in Balance Sheet	26 932 000	24 897 000

Reconciling and projecting the unfunded accrued liability

Unfunded Accrued Liability

Opening balance	24 897 000	13 154 854
Current-service cost	2 512 000	1 136 579
Interest cost	1 888 000	2 151 278
Actuarial (Gain)/Loss	(1 285 885)	8 934 978
Actual employer benefit payments	(1 079 115)	(480 689)
Closing Balance	26 932 000	24 897 000

Net liability to reflect in the balance sheet

Opening balance	24 897 000	13 154 854
Current-service cost	2 512 000	1 136 579
Interest cost	1 888 000	2 151 278
Actuarial (Gain)/loss recognised	(1 285 885)	8 934 978
Net Periodic Cost Recognised	28 011 115	25 377 689
Actual employer benefits payments	(1 079 115)	(480 689)
Closing Balance	26 932 000	24 897 000

Employees qualify for the following long service awards:

- After 10 years of continuous service an amount of R673.96 (2013:R638.28) (adjusted annually) per each year of service.
- After 20 years of continuous service a watch to the value of R6096.77 (2013: R5 774) (adjusted annually).
- Additional 10,20 and 30 leave days for 10,15 and each 5 years after 15 years of service respectively

36.5 Ex-gratia benefits

Fair value of plan assets	-	-
Accrued liability	8 238 000	5 417 000
Unfunded Accrued Liability	8 238 000	5 417 000
Net Liability in Balance Sheet	8 238 000	5 417 000

Reconciling and projecting the unfunded accrued liability

Unfunded Accrued Liability

Opening balance	5 417 000	6 807 811
Current-service cost	475 000	532 000
Interest cost	391 000	510 000
Actuarial (Gain)/Loss	2 556 846	(2 031 882)
Actual employer benefit payments	(601 846)	(400 929)
Closing Balance	8 238 000	5 417 000

Net liability to reflect in the balance sheet

Opening balance	5 417 000	6 807 811
Current-service cost	475 000	532 000
Interest	391 000	510 000
Actuarial (Gain)/loss recognised	2 556 846	(2 031 882)
Net Periodic Cost Recognised	8 839 846	5 817 929
Expected employer benefits payments	(601 846)	(400 929)
Closing Balance	8 238 000	5 417 000

Total Provisions	204 788 721	194 387 486
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37 RISK MANAGEMENT

37.1 Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used.

Financial assets exposed to credit risk at year end were as follows:

Investments in banks & other institutions	489 775 207	220 000 000
Trade and other receivables	354 198 069	352 046 801
	843 973 276	572 046 801

These balances represent the maximum exposure to credit risk.

37.2 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Borrowings	262 194 327	298 587 917
Trade and other payables	314 180 569	288 469 461
	576 374 895	587 057 377

RATIFICATION OF DEVIATIONS FROM BREACHES IN PROCUREMENT PROCESSES

38 Prescribed procurement processes were not followed but was approved by the Municipal Manager in terms of delegated powers and in accordance with Supply Chain Management Regulations and Policy. Valid reasons for deviations were recorded in all instances.

17 738 790	2 170 915
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39 FINANCE LEASE COMMITMENTS

The municipality future lease commitments on vehicles and their present values are as follows:

	2014	2013
Finance lease obligation		
Minimum lease payments due		
- within one year	32 491 010.12	1 119 987.28
- in second to fifth year inclusive	140 609 246.92	34 938 570.50
- late than five years	-	-
	173 100 257.04	36 058 557.78
Less: future finance charges	37 153 243.04	8 493 483.80
Present value of minimum lease payments	135 947 014.00	27 565 073.98
Present value of minimum lease payments		
- within one year	21 654 099.16	732 496.88
- in second to fifth year inclusive	114 292 914.84	26 832 577.10
- late than five years	-	-
	135 947 014.00	27 565 073.98
Non-current	88 971 405.38	25 622 961.36
Current	37 152 804.24	8 613 148.46
	126 124 209.62	34 236 109.82

Finance Lease Liabilities relates to Vehicles with lease terms of 5 years. The effective interest rate on Finance Leases is 8.5%. Capitalised Lease Liabilities are secured over the items of vehicles leased.

POLOKWANE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS ENDED 30 JUNE 2013

40 RELATED PARTIES

Relationships

Members of key management

No other payments are paid outside contractual employment payments from employment. Refer to note 24 for remuneration.

Other related party relationships

Polokwane Housing Association. Refer to note 10

Related party transactions

Compensation to councillors

Payments to councillors are for allowances as gazetted. No other payments are made to councillors. Refer to note 25 for remuneration of councillors.

Related party balances

Loan accounts - Owed by related parties

Polokwane Housing Association	-	14 879 917
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Debtors accounts for rates and services - Owed by related parties

Polokwane Housing Association	4 030 043	3 721 134
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41 DISTRIBUTION LOSSES

The Municipality has incurred the following distribution losses as result of supply of electricity and water

Water distribution losses In KL	13 768 388 (40.54%)	3 032 740 (14.22%)
Electricity distribution losses kWh	56 190 111(7.36%)	66 278 896 (8.59%)

Monetary value

Water distribution losses	R 62 193 829	R 21 070 625
Electricity distribution losses	R 35 162 323	R 39 172 232
	R 97 356 152	R 60 242 857

42 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Appendix E.1

43 CHANGE IN ACCOUNTING POLICY

During the year, the municipality changed its accounting policy in respect of the measurement of Land and Buildings and Infrastructure assets from the cost model to the revaluation model. The municipality is of the opinion that the new subsequent measurement for these asset sub categories will result in fairer presentation of the financial position and operating results. Within the revaluation process, there were multiple reclassifications between the various sub-categories in order to accurately revalue and classify the assets. During the revaluation process certain reclassifications between asset portfolios were required in order to ensure consistent comparisons between various asset groups and classes. The accounting policy has been accounted for retrospectively and the comparative amounts have been restated, the revaluation was performed as at 1 July 2012. The effect of this change in accounting policy is as follows:

In addition to the above, certain naming conventions have been changed to align with the classification of Infrastructure Assets, as a result a separate category has been created for Municipal Land, as well as an additional category to accommodate Community Facilities namely Community Assets.

	Total	Community Assets (Land & Buildings)	
	2012		2013
Statement of Financial Position			
Cost			
Cost previously disclosed	5 827 877 008.59		
Cost restated due to revaluation	13 537 237 716.82		
Reclassification of Land	(85 987 380.34)		
Exclude WIP from opening cost	(278 790 052.83)		
Reclassification between Community- and Infrastructure Assets	-		
Correction of error - WIP closing balance	244 595 072.16		
Accumulated depreciation			
Accumulated depreciation previously disclosed	(399 316 906.20)		
Accumulated depreciation restated due to revaluation	(6 537 498 221.83)		
Increase / (Decrease) in PPE	2 180 551 897.93		-

POLOKWANE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS ENDED 30 JUNE 2013

Statement of Financial Performance

Depreciation previously disclosed	-	(76 982 122.00)
Depreciation restated due to revaluation	-	(84 347 803.71)
(Increase) / Decrease in depreciation	-	(7 365 681.71)
Loss on disposal of assets previously disclosed	-	-
Loss on disposal on assets restated due to revaluation	-	-
(Increase) / Decrease in loss on disposal of assets	-	-
Revaluation reserve realised on disposal / impairment previously disclosed	-	-
Revaluation reserve realised on disposal / impairment restated due to revaluation	-	68 238.10
Increase / (Decrease) in revaluation reserve realised on disposal / impairment	-	68 238.10

Statement of Changes in Net Assets

Increase / (Decrease) in accumulated surplus	244 595 072.16	7 365 681.71
Increase / (Decrease) in Revaluation reserve relating Infrastructure	1 935 956 825.77	(68 238.10)

44 FAIR VALUE ADJUSTMENT

Biological assets	2 667 651	-643 944
Investment Property	6 913 549.4	7 991 946
	9 581 200	7 348 001.5

Investment Property and biological assets were fair valued at year end.

45

EMPLOYEE BENEFIT OBLIGATIONS

Defined contribution and benefit plan

The Council provides retirement benefits to employees by contributing to pension and provident Funds Membership of either pension or provident fund is compulsory for all permanent employees.

The municipality and its employees contribute to 7 different Pension Funds, of which 3 (The Municipal Employees Pension Fund, Municipal Gratuity Fund and Samwu National Provident Fund) cater for the majority of the staff. The Joint Municipal Pension Fund, Municipal Employees Pension Fund, Municipal Gratuity Fund ,Samwu National Provident Fund and National Fund for Municipal Workers are defined benefit funds.

The employees of the Council as well as the Council as employer, contribute to municipal pension, retirement and various provident funds as listed below:

	2014	2013
The Joint Municipal Pension Fund	2 378 468	2 385 974
Municipal Councillors Pension Fund	3 313 587	2 967 341
Government Employees Pension Fund	2 230 382	2 183 746
Municipal Employees Pension Fund	30 155 188	27 344 353
Municipal Employees Gratuity Fund	14 201 002	13 356 798
Samwu National Provident Fund	8 737 098	8 785 383
National Fund For Municipal Workers	6 116 843	5 358 233
	67 132 567	62 381 828

Post-Retirement medical aid contributions

The municipality operates on 7 accredited medical aid schemes, namely Bonitas, Hosmed, Key-Health, LA Health and Samwumed, Resolution Health, and Government Employees Medical Scheme. Pensioners may continue on the option they belonged to on the day of their retirement.

The last post-employment health care benefits actuarial valuation in terms of GRAP 25 was done by ZAQ Consultants and Actuaries for the period ending 30 June 2014. According to the last valuation did, the accrued liability amount to R 151 027 000 as at 30 June 2014.

A reconciliation of Polokwane accrued liability for the year ending 30 June 2014 is set out below:

Year ended 30 June 2014

	2014	2013
Opening balance	160 387 000	154 437 733
Service cost	7 501 000	8 127 359
Interest cost	12 743 000	14 239 159
Actual employer benefits payments	-5 369 481	-4 754 350
Expected closing balance	175 261 519	172 049 901
Actuarial (gain)/loss -	-24 234 519	-11 662 901
		0
Actual closing balance	151 027 000	160 387 000

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the defined benefit obligation- Wholly unfunded	(151 027 000)	(160 387 000)
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Movements for the year

Opening balance	(160 387 000)	(154 437 733)
Contributions - Current year	9 360 000	(5 949 267)
Closing balance	(151 027 000)	(160 387 000)

POLOKWANE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS ENDED 30 JUNE 2013

Key assumptions used

The projected unit credit method is used as the standard valuation methodology for the valuation done during the 2013/2014 financial period. Plan assets were valued at current market value as required by GRAP 25.

Assumptions used on last valuation on 30 June 2014.

Discount rates used	8.94%	7.89%
Medical inflation - lower than discount rate	8.05%	7.14%
Net effective discount rate	0.82%	0.70%

Other assumptions; Post retirement mortality PA (90-1) Retirement age 63 years

Sensitivity analysis

The impact of a 1% change in the medical aid inflation rate is reflected in the table underneath.

Sensitivity to medical inflation

Base	151 027 000	160 387 000
-1%	140 316 000	142 608 000
	453 185 000	480 852 000

The employees of the Council as well as the Council as employer, contribute to municipal medical aids as listed below

	2014	2013
Bonitas	9 049 912	8 136 892
Hosmed	4 593 971	4 227 511
Key Health	9 245 384	9 646 556
LA Health	3 322 202	2 799 787
Samwumed	3 158 746	2 277 079
Resolution Health	21 756	20 213
Government Employees Medical Scheme	666 191	737 050
Total	30 058 163	27 845 089

46 EVENTS AFTER THE REPORTING PERIOD

1. The Executive Mayor, His Worship FP Greaver resigned in July 2014. He was immediately succeeded by Her Worship T Nkadameng.
2. Items of property, plant and equipment were earmarked for disposal in the month of May 2014 thus accordingly taken out of use from then. They were treated as held for sale till their when their disposal took place after year-end.

47 GOING CONCERN

In terms of the accounting standard GRAP 1 paragraphs 27 to 30 the annual financial statements are prepared on a going concern basis. The assumption is based on the fact that the municipality a constitutional mandate to levy additional rates or taxes to enable the municipality to be considered as a going concern even though the municipality will be operational for extended periods with negative net assets.

APPENDIX A
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014 (Unaudited)

External Loans	Loan No.	Redeemable	Balance at 30 June 2013	Received during the period	Redeemed or written off during the period	Balance at 30 June 2014
			R	R	R	R
LONG TERM LOANS						
Stock Loan@10%	510	2013/14	53 333		53 333	0
Stock Loan@10%	511	2013/14	30 000		30 000	0
Stock Loan@10%	512	2013/14	30 000		30 000	0
Stock Loan@10%	514	2014/15	100 000			100 000
Stock Loan@10%	515	2014/15	10 000			10 000
Stock Loan@10%	516	2014/15	22 000		22 000	0
Stock Loan@10%	517	2014/15	83 333			83 333
Stock Loan@10%	523	2014/15	14 667		14 667	0
Stock Loan@10%	518	2015/16	7 799			7 799
Stock Loan@10%	519	2015/16	8 633		8 633	0
Stock Loan@10%	520	2015/16	40 000			40 000
Stock Loan@10%	522	2015/16	6 829			6 829
Stock Loan@10%	524	2015/16	90 000			90 000
Stock Loan@10%	527	2016/17	20 000			20 000
			516 595	0	158 633	357 961
ANNUITY LOAN						
ANNUITY LOAN @ 11.52%	61000907	2019/20	40 337 816	0	0	40 337 816
ANNUITY LOAN @ 8.875%	61006782	2020/21	257 733 506	0	0	257 733 506
			298 071 322	0	0	298 071 322
Total External Loans			298 587 917	-	158 633	298 429 283

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AT 30 JUNE 2014 (Unaudited)

	Historical Cost					Depreciation				Impairments			Carrying value	Revaluation reserve
	Opening balance	Capital under construction	Additions for the year	Donations	Revaluation	De-recognition	Closing balance	Opening balance	Depreciation for the year	De-recognition	Closing balance	Opening balance	Impairment for the year	Closing balance
COMMUNITY ASSETS	3 199 051 915.70	80 213 342.51	15 703 357.02	-	-	(21 293 003.76)	3 273 675 611.47	(1 342 011 582.85)	(84 440 567.87)	10 619 511.62	(1 415 832 639.10)	-	(1 437.66)	(1 437.66)
Community facilities	1 278 505 372.49	-	15 703 357.02	-	-	(21 293 003.76)	1 272 915 725.75	(467 823 151.18)	(29 557 874.45)	10 619 511.62	(486 761 514.01)	-	(1 437.66)	(1 437.66)
Sport and recreation facilities	1 835 542 383.42	-	-	-	-	-	1 835 542 383.42	(874 188 431.67)	(54 882 693.42)	-	(929 071 125.09)	-	-	-
Capital under construction	85 004 159.79	80 213 342.51	-	-	-	-	185 217 502.30	-	-	-	-	-	-	-
INFRASTRUCTURE ASSETS	10 826 053 785.63	45 020 859.70	227 529 816.51	-	-	(67 188 111.38)	11 031 416 560.46	(5 574 831 396.01)	(320 539 000.17)	35 559 901.67	(5 859 810 494.51)	-	(74 585.80)	(74 585.80)
Infrastructure Assets	9 742 436 143.94	45 505 304.22	226 582 307.86	-	-	(66 039 775.48)	9 948 483 980.54	(5 049 987 757.17)	(239 173 516.09)	35 017 460.62	(5 254 143 812.63)	-	(74 585.80)	(74 585.80)
Capital spares	8 882 555.78	-	-	-	-	-	8 882 555.78	(1 384 883.27)	-	-	(1 384 883.27)	-	-	-
Electricity network	1 838 897 533.39	-	16 631 965.40	-	-	(44 456 743.90)	1 811 072 754.89	(1 126 303 175.35)	(39 512 742.65)	21 125 989.70	(1 144 689 928.30)	-	-	-
Information and communications network	4 315 729.52	-	5 758 010.63	-	-	-	10 073 740.15	(1 179 680.66)	(226 411.10)	-	(1 406 091.76)	-	-	-
Roads and Stormwater Network	4 483 611 390.77	-	134 950 375.65	-	-	(21 192 845.82)	4 597 368 920.60	(2 001 132 269.13)	(144 544 908.21)	13 631 319.53	(2 132 045 857.81)	-	-	-
Sanitation Network	1 062 195 472.21	-	-	-	-	-	1 062 195 472.21	(624 539 078.82)	(17 603 373.39)	-	(642 142 452.21)	-	-	-
Water supply network	2 099 401 880.64	-	69 241 956.18	-	-	(390 185.76)	2 168 253 651.06	(1 295 448 669.93)	(37 286 080.72)	260 151.39	(1 332 474 599.26)	(74 585.80)	(74 585.80)	-
Capital under construction	245 131 581.63	45 505 304.22	-	-	-	-	290 636 885.85	-	-	-	-	-	-	-
Other Assets	1 029 420 912.41	(484 434.52)	947 508.65	-	-	(1 148 335.90)	1 027 735 560.64	(524 843 638.84)	(81 365 484.08)	542 441.04	(605 666 681.88)	-	-	-
Housing	23 000 309.76	-	-	-	-	-	23 000 309.76	(11 458 589.50)	(587 213.87)	-	(12 045 803.37)	-	-	-
Operational Buildings	1 004 793 482.27	-	947 508.65	-	-	(1 148 335.90)	1 004 592 655.02	(513 385 049.34)	(80 778 270.21)	542 441.04	(593 620 878.51)	-	-	-
Capital under construction	627 120.38	(484 434.52)	-	-	-	-	142 685.86	-	-	-	-	-	-	-
Intangible Assets	55 196 729.28	-	-	-	-	-	55 196 729.28	-	-	-	-	-	-	-
Electricity network	45 410 015.06	-	-	-	-	-	45 410 015.06	-	-	-	-	-	-	-
Sanitation Network	2 207 034.00	-	-	-	-	-	2 207 034.00	-	-	-	-	-	-	-
Water supply network	7 579 680.22	-	-	-	-	-	7 579 680.22	-	-	-	-	-	-	-
LAND	77 348 351.70	-	-	-	-	2 940 648.30	80 289 000.00	-	-	-	-	-	-	-
Land	77 348 351.70	-	-	-	-	-	80 289 000.00	-	-	-	-	-	-	-
OTHER and MOVABLE	234 875 983.97	-	5 132 923.79	12 000.00	-	(95 860 852.49)	144 385 971.51	(129 417 893.36)	(29 229 725.58)	53 514 906.19	(105 132 712.75)	-	-	-
Computer Equipment	18 722 541.26	-	641 312.06	12 000.00	-	(179 717.87)	19 196 135.45	(9 632 867.22)	(2 928 269.63)	123 907.74	(12 437 229.11)	-	-	-
Furniture and Office Equipment	32 306 886.45	-	550 718.07	-	-	(225 916.24)	32 857 604.52	(16 921 198.46)	(5 289 606.92)	169 901.64	(22 040 903.74)	-	-	-
Machinery and Equipment	85 930 947.92	-	881 557.86	-	-	(34 378 605.49)	52 433 900.28	(47 387 216.96)	(11 841 392.42)	20 068 088.25	(39 160 521.13)	-	-	-
Transport Assets	75 736 873.45	-	-	-	-	(61 076 612.89)	14 660 260.56	(41 728 083.60)	(2 362 208.37)	33 153 008.56	(10 937 283.41)	-	-	-
Cellphones and Tablets	-	-	2 875 979.30	-	-	-	2 875 979.30	-	(133 949.72)	-	(133 949.72)	-	-	-
Library Books	22 178 734.89	-	183 356.50	-	-	-	22 362 091.39	(13 748 527.12)	(6 674 298.52)	-	(20 422 825.64)	-	-	-
BIOLOGICAL ASSETS	13 965 348.52	-	2 667 651.48	-	-	-	16 633 000.00	-	-	-	-	-	-	-
Biological Assets	13 965 348.52	-	2 667 651.48	-	-	-	16 633 000.00	-	-	-	-	-	-	-
INTANGIBLE ASSETS	21 453 871.30	-	43 590.79	-	-	-	21 497 462.09	(6 551 985.07)	(2 146 098.13)	-	(8 698 083.20)	-	-	-
Intangible Assets	21 453 871.30	-	43 590.79	-	-	-	21 497 462.09	(6 551 985.07)	(2 146 098.13)	-	(8 698 083.20)	-	-	-
INVESTMENT PROPERTY	538 058 898.35	-	6 913 549.40	-	-	-	544 972 447.75	-	-	-	-	-	-	-
Investment Property	538 058 898.35	-	6 913 549.40	-	-	-	544 972 447.75	-	-	-	-	-	-	-
HERITAGE ASSETS	3 671 704.11	-	-	-	-	-	3 671 704.11	-	-	-	-	-	-	-
Heritage Assets	3 671 704.11	-	-	-	-	-	3 671 704.11	-	-	-	-	-	-	-
FINANCE LEASES	34 968 606.69	-	113 542 198.96	-	-	-	148 510 805.65	(562 249.28)	(13 251 409.96)	-	(13 813 659.24)	-	-	-
Leased Assets	34 968 606.69	-	113 542 198.96	-	-	-	148 510 805.65	(562 249.28)	(13 251 409.96)	-	(13 813 659.24)	-	-	-
Grand Total	14 966 826 584.75	125 234 212.21	371 533 087.95	12 000.00	2 940 648.30	(184 341 967.63)	15 282 204 565.57	(7 053 375 106.56)	(449 606 801.71)	99 694 319.48	(7 403 287 588.79)	-	76 023.45	76 023.45

7 283 391 331.76

578 076 531

1 994 972.00

APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AT 30 JUNE 2014 (Unaudited)

	Historical cost					Depreciation					Impairments					Carrying value	Revaluation reserve
	Historical cost					Depreciation					Impairment s					Carrying value	Revaluation reserve
	Opening Cost / Revalu	Capital under const	Additions for the year	Donations	Derecognition/Disposals f	Closing Cost /Revalu	Opening balance	Depreciation for the y	Acc Depreciation on t	Closing balance	Opening ba	Impairment for t	Closing balan	Carrying value	Revaluation reserve		
Council	91 699 548	-	2 970 811	-	(1 195 352)	93 475 007	(8 749 879)	(631 789)	508 691	(8 872 976)	-	-	-	84 602 031	(4 084 323)		
Council General	91 699 548	-	2 970 811	-	(1 195 352)	93 475 007	(8 749 879)	(631 789)	508 691	(8 872 976)	-	-	-	84 602 031	(4 084 323)		
Directorate Budget & Treasury	23 561 853	-	-	-	(146 919)	23 414 934	(11 958 052)	(2 232 133)	110 951	(14 079 234)	-	-	-	9 335 700	(2 158 869)		
Budget and Treasury	5 060 122	-	-	-	(146 740)	4 913 382	(2 450 913)	(774 668)	110 808	(3 114 773)	-	-	-	1 798 609	-		
Chief Financial Officer	112 596	-	-	-	-	112 596	(42 247)	(18 985)	-	(61 233)	-	-	-	51 365	-		
Supply Chain Management	18 389 135	-	-	-	(179)	18 389 956	(9 464 893)	(1 438 480)	143	(10 903 230)	-	-	-	7 485 726	(2 158 869)		
Directorate Community Development	3 188 940 694	-	7 516 771	-	(30 450 121)	3 166 007 345	(1 270 188 415)	(107 535 724)	17 620 024	(1 360 104 115)	-	-	-	1 805 903 229	(392 150 032)		
Cultural Services	158 422 564	-	196 415	-	(60 959)	158 558 020	(75 474 519)	(13 504 858)	30 913	(88 948 464)	-	-	-	69 609 556	(16 175 880)		
Director Community Development	162 890	-	-	-	-	162 890	(74 719)	(26 900)	-	(101 619)	-	-	-	61 272	-		
Facility Management	1 147 207 450	-	7 320 356	-	(153 135)	1 154 374 671	(297 443 756)	(32 962 959)	88 810	(330 317 905)	-	-	-	824 056 766	(94 907 939)		
Sports & Recreation	1 883 147 791	-	-	-	(30 236 027)	1 852 911 764	(897 195 420)	(61 041 007)	17 500 300	(940 736 127)	-	-	-	912 175 637	(281 066 213)		
Directorate Community Services	1 262 267 070	-	567 720	-	(37 315 784)	1 225 519 006	(454 709 506)	(49 503 044)	20 548 087	(483 664 462)	-	(1 438)	(1 438)	741 853 106	(225 453 700)		
Community Health Services	4 293 514	-	-	-	(1 447)	4 292 067	(2 036 494)	(285 549)	1 158	(2 320 885)	-	-	-	1 971 182	(592 855)		
Director Community Services	1 230 907	-	-	-	(36 754)	1 194 152	(753 810)	(181 569)	28 289	(907 091)	-	-	-	287 062	-		
Disaster Management	72 967 896	-	-	-	(16 486 311)	56 481 585	(37 361 409)	(4 667 944)	8 330 229	(33 699 123)	-	-	-	22 782 462	(6 386 485)		
Environmental Management	669 839 083	-	13 132	-	(6 450 172)	663 402 043	(154 169 637)	(11 003 312)	3 049 328	(162 123 621)	-	(1 438)	(1 438)	501 276 985	(142 654 798)		
Security Services	3 511 934	-	2 851	-	(681 316)	2 833 468	(1 891 243)	(427 180)	400 947	(1 917 475)	-	-	-	915 993	-		
Traffic and Licensing	137 770 574	-	-	-	(5 328 509)	132 442 066	(81 042 325)	(23 975 805)	3 415 742	(101 202 388)	-	-	-	31 239 677	(21 118 952)		
Waste Management	372 653 161	-	551 738	-	(8 331 275)	364 873 624	(177 454 589)	(9 361 685)	5 322 394	(181 493 880)	-	-	-	183 379 744	(54 700 610)		
Directorate Corporate and Shared Services	94 452 519	-	122 518 855	-	(6 712 827)	210 258 547	(30 005 268)	(17 716 078)	4 327 399	(43 393 947)	-	-	-	166 864 600	(4 299 718)		
Human Resources	1 317 018	-	-	-	(15 132)	1 301 887	(661 961)	(195 839)	8 278	(849 523)	-	-	-	452 364	-		
Information Services	59 022 960	-	8 976 656	-	(128 639)	67 870 978	(23 690 255)	(4 941 837)	41 360	(28 490 732)	-	-	-	39 380 245	(4 299 718)		
Legal Services	536 652	-	-	-	-	536 652	(221 212)	(91 337)	-	(312 549)	-	-	-	224 103	-		
Mechanical Services	33 398 853	-	113 542 199	-	(6 569 057)	140 371 980	(5 360 751)	(12 555 529)	4 277 762	(13 638 518)	-	-	-	126 733 462	-		
Secretariat	177 051	-	-	-	-	177 051	(71 089)	(31 536)	-	(102 625)	-	-	-	74 425	-		
Directorate Engineering Services	9 627 921 412	-	221 767 253	-	(81 741 948)	9 767 945 717	(5 087 807 039)	(243 212 301)	44 068 594	(5 286 950 746)	-	(74 586)	(74 586)	4 480 921 365	(1 252 766 736)		
Director Engineering Services	93 214	-	-	-	-	93 214	(40 150)	(16 077)	-	(56 227)	-	-	-	36 987	-		
Energy services	2 001 603 568	-	17 613 634	-	(48 978 556)	1 970 238 646	(1 182 220 438)	(42 686 686)	24 126 878	(1 200 780 246)	-	-	-	769 458 400	(228 105 712)		
Road Transport Infrastructure Services	4 428 361 385	-	134 911 663	-	(29 055 523)	4 534 217 525	(1 972 714 422)	(143 636 169)	18 167 151	(2 098 183 439)	-	-	-	2 436 034 085	(684 368 153)		
Sanitation Services	1 067 290 106	-	-	-	(250 521)	1 067 039 585	(626 437 569)	(17 975 992)	182 075	(644 231 485)	-	-	-	422 808 100	(125 009 306)		
Water Services	2 130 573 140	-	69 241 956	-	(3 457 349)	2 196 357 746	(1 306 394 460)	(38 897 377)	1 592 489	(1 343 699 348)	-	(74 586)	(74 586)	852 583 813	(215 284 562)		
Directorate Planning & Economic Development	171 708 861	-	18 611 031	12 000	(20 793 866)	169 538 026	(86 661 100)	(20 192 540)	10 331 485	(96 522 155)	-	-	-	73 015 871	(21 596 725)		
Building Regulations	99 054 230	-	785 760	12 000	(1 447)	99 850 543	(56 928 513)	(18 043 864)	1 158	(74 971 219)	-	-	-	24 879 324	(16 539 270)		
City & Regional Development	817 338	-	6 000	-	(664)	822 674	(448 529)	(115 727)	531	(563 726)	-	-	-	259 948	-		
Director Planning & Economic Development	97 936	-	-	-	-	97 936	(34 107)	(17 443)	-	(51 550)	-	-	-	46 386	-		
Economic Development & Tourism	40 866 539	-	17 819 271	-	(20 791 755)	37 894 055	(13 903 448)	(833 812)	10 329 796	(4 407 464)	-	-	-	33 486 591	(532 758)		
Housing	30 872 818	-	-	-	-	30 872 818	(15 346 502)	(1 181 694)	-	(16 528 196)	-	-	-	14 344 622	(4 524 697)		
Directorate Strategic Planning, Monitoring and Eval	462 358	-	-	-	(7 083)	455 275	(190 296)	(72 081)	5 667	(256 722)	-	-	-	188 553	-		
IDP	256 914	-	-	-	(7 083)	249 830	(136 017)	(36 581)	5 667	(166 930)	-	-	-	82 900	-		
Performance Management	205 445	-	-	-	-	205 445	(54 281)	(35 510)	-	(89 791)	-	-	-	115 654	-		
Directorate Transport Operations	136 105 859	-	58 643	-	(5 371 712)	130 792 790	(82 651 729)	(5 463 548)	1 824 853	(86 290 424)	-	-	-	44 502 366	(12 458 569)		
Transport Operations	136 105 859	-	58 643	-	(5 371 712)	130 792 790	(82 651 729)	(5 463 548)	1 824 853	(86 290 424)	-	-	-	44 502 366	(12 458 569)		
Office of the Municipal Manager	13 795 099	-	462 652	-	(606 356)	13 651 396	(8 018 356)	(2 128 107)	348 569	(9 797 894)	-	-	-	3 853 502	-		
Communications & Marketing	1 169 798	-	89 089	-	(9 651)	1 249 236	(579 116)	(205 431)	7 465	(777 082)	-	-	-	472 154	-		
Internal Audit	293 245	-	-	-	-	293 245	(85 768)	(48 189)	-	(133 957)	-	-	-	159 288	-		
Municipal Manager	150 822	-	372 773	-	-	523 595	(55 977)	(82 651 729)	-	(103 919)	-	-	-	419 676	-		
Risk Management	12 181 234	-	790	-	(596 705)	11 585 319	(7 297 495)	(1 626 544)	341 103	(8 782 935)	-	-	-	2 802 383	-		
Strategic Planning, Monitoring and Evaluation	25 148 448	-	-	-	-	25 148 448	(12 435 466)	(919 447)	-	(13 354 913)	-	-	-	11 793 536	(3 770 397)		
Cluster Offices	25 148 448	-	-	-	-	25 148 448	(12 435 466)	(919 447)	-	(13 354 913)	-	-	-	11 793 536	(3 770 397)		
Capital under Construction	330 762 862	125 234 212	-	-	-	455 997 074	-	-	-	-	-	-	-	455 997 074	-		
Capital under Construction	330 762 862	125 234 212	-	-	-	455 997 074	-	-	-	-	-	-	-	455 997 074	-		
	14 966 826 585	125 234 212	374 473 736	12 000	(184 341 968)	15 282 204 565	(7 053 375 107)	(449 606 802)	99 694 319	(7 403 287 589)	-	(76 023)	(76 023)	7 878 840 953	(1 918 739 068)		

APPENDIX D
DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014(Unaudited)

2013 Actual Income	2013 Actual Expenditure	2013 Actual Surplus/ (Deficit)		2014 Actual Income	2014 Actual Expenditure	2014 Actual Surplus/ (Deficit)
R	R	R		R	R	R
-	190 115 878	(190 115 878)	Executive & Council	-	249 910 857	(249 910 857)
-	117 129 066	(117 129 066)	Council general expenses	-	226 093 948	(226 093 948)
-	4 341 065	(4 341 065)	Municipal Manager	-	6 552 766	(6 552 766)
-	60 664 047	(60 664 047)	Facility management	-	5 834 694	(5 834 694)
-	7 981 701	(7 981 701)	Secretariat & Records	-	11 429 449	(11 429 449)
983 149 120	395 431 846	587 717 274	Finance & Admin	1 283 970 110	478 140 200	805 829 911
-	-	-	Finance	-	-	-
688 351 556	-	688 351 556	Intergovernmental transfers	872 096 710	-	872 096 710
-	2 580 679	(2 580 679)	Mankweng/Sebayeng	-	3 743 918	(3 743 918)
34 572 464	121 715 746	(87 143 282)	Financial services	112 468 622	154 471 641	(42 003 018)
254 720 916	9 817 171	244 903 744	Assessment rates	296 844 657	17 407 902	279 436 755
-	-	-	Human Resources	-	-	-
-	1 286 938	(1 286 938)	O & W	-	1 348 397	(1 348 397)
-	30 682 622	(30 682 622)	Personnel	810 892	28 550 827	(28 550 827)
3 278 471	13 916 125	(10 637 654)	Training	-	9 272 817	(8 461 925)
-	4 930 744	(4 930 744)	Labour relations	-	4 292 775	(4 292 775)
-	7 409 568	(7 409 568)	Occupational Health	-	8 780 495	(8 780 495)
66	39 265 966	(39 265 900)	IT	66	24 463 861	(24 463 796)
-	-	-	Property Services	-	-	-
-	5 261 275	(5 261 275)	Administration	-	6 878 269	(6 878 269)
-	16 321 153	(16 321 153)	Civic Centre	-	49 347 415	(49 347 415)
-	-	-	Other Admin	-	-	-
-	12 987 438	(12 987 438)	Com & public participation	-	9 151 432	(9 151 432)
-	3 254 914	(3 254 914)	Security & risk management	-	50 455 278	(50 455 278)
-	3 360 321	(3 360 321)	Project Management	-	2 615 142	(2 615 142)
-	4 134 782	(4 134 782)	Internal audit	-	6 196 143	(6 196 143)
-	-	-	Technical depot	-	-	-
-	43 063 111	(43 063 111)	Transport workshop	-	33 714 779	(33 714 779)
-	47 163 135	(47 163 135)	Community security	-	48 952 949	(48 952 949)
-	8 171 626	(8 171 626)	Legal Services	-	8 663 031	(8 663 031)
2 225 648	20 108 532	(17 882 884)	Procurement	1 749 164	9 833 130	(8 083 967)
10 804 573	32 153 133	(21 348 560)	Planning & Development	17 513 916	45 989 344	(28 475 428)
4 556 075	5 865 606	(1 309 531)	Land use management	11 190 404	3 701 615	7 488 789
991 603	7 950 467	(6 958 864)	Spatial Planning	-	5 851 544	(5 330 421)
5 256 895	4 293 593	963 302	Building inspections	5 802 388	22 214 433	(16 412 045)
-	2 417 014	(2 417 014)	Local economic development	-	2 927 290	(2 927 290)
-	1 542 368	(1 542 368)	Community development	-	2 727 565	(2 727 565)
-	823 022	(823 022)	Investment promotion	-	513 718	(513 718)
-	2 906 878	(2 906 878)	Economic planning	-	4 233 049	(4 233 049)
-	6 354 186	(6 354 186)	IDP	-	3 820 130	(3 820 130)
-	5 329 984	(5 329 984)	Health	-	5 378 769	(5 378 769)
-	1 158 379	(1 158 379)	Clinics	-	938 348	(938 348)
-	4 171 605	(4 171 605)	Health inspection	-	4 440 420	(4 440 420)
4 461 239	36 209 862	(31 748 623)	Community Services	3 317 213	53 519 523	(50 202 310)
294 763	11 715 574	(11 420 811)	Libraries	223 997	22 126 553	(21 902 557)
-	878 090	(878 090)	Museums	-	-	-
84 745	5 501 036	(5 416 291)	Art Museum	-	1 922 331	(1 922 331)
526 187	1 566 869	(1 040 682)	Museum	101 769	6 317 392	(6 215 623)
648 821	4 884 689	(4 235 869)	Community centres	520 481	2 727 565	(2 207 085)
-	-	-	Cemeteries	659 675	5 633 418	(4 973 743)
2 884 716	6 477 097	(3 592 381)	Other Community	-	-	-
22 008	3 200 028	(3 178 020)	Game Reserve	1 788 427	9 117 417	(7 328 990)
-	1 986 479	(1 986 479)	Showgrounds	22 865	2 478 404	(2 455 539)
12 071	5 230 689	(5 218 618)	Cultural desk	-	3 196 442	(3 196 442)
-	5 230 689	(5 230 689)	Housing	11 246	6 503 458	(6 492 212)
10 361	-	10 361	Administration	-	5 916 244	(5 916 244)
1 710	-	1 710	Assisted schemes	9 535	-	9 535
21 872 689	73 260 262	(51 387 574)	Letting schemes	1 710	587 214	(585 503)
3 046 851	36 297 499	(33 250 647)	Public Safety	34 428 773	115 892 717	(81 463 943)
259 430	22 475 966	(22 216 535)	Traffic	13 286 715	73 319 861	(60 033 146)
-	4 405 812	(4 405 812)	Fire fighting	276 697	27 410 632	(27 133 935)
18 559 776	6 295 999	12 263 776	Disaster management	-	4 318 890	(4 318 890)
6 632	3 784 987	(3 778 355)	Licensing	20 865 361	6 852 109	14 013 253
10 269 977	125 340 957	(115 070 981)	Municipal control centre	-	3 991 225	(3 991 225)
17 191	1 557 254	(1 540 062)	Parks & Recreation	1 261 302	157 520 041	(156 258 739)
142 725	35 586 332	(35 443 607)	Nursery	17 127	3 736 444	(3 719 317)
9 963 316	83 872 905	(73 909 589)	Parks	93 974	36 751 106	(36 657 133)
146 745	4 324 467	(4 177 722)	Sport & recreation	947 381	111 497 157	(110 549 775)
-	567 086	(567 086)	Swimming pools	202 819	5 535 334	(5 332 514)
-	567 086	(567 086)	Environmental Protection	-	538 476	(538 476)
52 673 889	51 933 708	740 181	Air pollution	-	538 476	(538 476)
52 673 889	40 843 232	11 830 657	Waste Management	55 694 285	59 609 172	(3 914 887)
-	11 090 476	(11 090 476)	Refuse Removal	55 694 285	45 127 222	10 567 064
-	-	-	Street & side walking cleaning	-	14 481 951	(14 481 951)
-	-	-		-	-	-
46 448 945	79 513 744	(33 064 799)	Waste water management	48 587 653	94 950 716	(46 363 063)
9 013	63 756 091	(63 747 078)	Sewer purification	64 635	38 036 728	(37 972 093)
46 439 932	7 704 507	38 735 425	Sewer reticulation	48 523 018	43 024 398	5 498 620
-	6 732 063	(6 732 063)	Storm water	-	12 113 537	(12 113 537)
-	1 321 083	(1 321 083)	Public toilets	-	1 776 053	(1 776 053)
3 816 453	91 242 223	(87 425 769)	Road Transport	3 687 248	169 993 595	(166 306 347)
47 756	89 384 257	(89 336 501)	Roads & streets	80 194	167 638 149	(167 557 954)
3 768 697	1 857 966	1 910 732	Vehicle licensing & testing	3 607 054	2 355 447	1 251 607
221 059 719	266 384 592	(45 324 873)	Water distribution	211 680 242	248 029 689	(36 349 447)
221 059 719	115 962 779	105 096 940	Water Distribution	211 680 242	73 669 681	138 010 562
-	138 816 149	(138 816 149)	Water provision	-	160 794 986	(160 794 986)
-	11 605 664	(11 605 664)	Water Purification	-	13 565 022	(13 565 022)
605 542 668	563 341 028	42 201 640	Electricity	617 284 532	619 914 319	(2 629 787)

APPENDIX D
DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014(Unaudited)

2013 Actual Income	2013 Actual Expenditure	2013 Actual Surplus/ (Deficit)		2014 Actual Income	2014 Actual Expenditure	2014 Actual Surplus/ (Deficit)
R	R	R		R	R	R
-	-	-	Workshop	-	-	-
605 542 668	560 506 125	45 036 543	Distribution	617 284 532	614 707 568	2 576 964
-	2 834 903	(2 834 903)	Street Lighting	-	5 206 751	(5 206 751)
24 000	64 257	(40 257)	Other	50 000	1 012 251	(962 251)
24 000	64 257	(40 257)	Airport	50 000	1 012 251	(962 251)
1 960 135 343	1 916 119 250	44 016 093	Total	2 277 486 521	2 306 903 126	-29 416 605

APPENDIX E (1)
ACTUAL OPERATING VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2014(Unaudited)

	2014 Actual	2014 Budget	2014 Variance	2014 Variance	Explanations of significant variances greater than 10% versus budget
	R	R	R	%	
REVENUE					
Property rates	296 844 657	279 863 000	16 981 657	6.07	On target-Under 10%- No explanation required
Service charges	885 287 095	1 027 343 618	(142 056 523)	(13.83)	Less collected than budgeted for due to SAMRAS implementation
Rental of facilities and equipment	17 132 411	18 002 142	(869 731)	(4.83)	On target-Under 10%- No explanation necessary
Interest earned – external investments	30 546 748	12 500 000	18 046 748	144.37	Under budgeted due to underspending of grant expenditure
Interest earned – outstanding debtors	51 302 423	18 000 000	33 302 423	185.01	Under budgeted due to non payment of consumer debtors
Fines	12 346 564	6 087 320	6 259 244	102.82	Under budgeted due to new implementation of doubt full fines provision.
Licensing & permits	8 909 042	8 516 454	392 588	4.61	On target-Under 10%- No explanation required
Revenue for agency services	16 039 967	14 770 000	1 269 967	8.60	On target-Under 10%- No explanation required
Government grants & subsidies – operating	516 199 287	558 257 700	(42 058 413)	(7.53)	On target-Under 10%- No explanation required
Government grants & subsidies – capital	350 188 424	586 404 300	(236 215 876)	(40.28)	All grants were not spent in full. Applied for roll over projects
Public contributions, donated and contributed	5 583 999	6 100 000	(516 001)	(8.46)	On target-Under 10%- No explanation required
Other revenue	80 192 355	119 514 466	(39 322 111)	(32.90)	Less collected on service contributions, excess water consumption and other insignificant items. Contribution from accumulated surplus during the adjustment buget was not necessary
Total Revenue	2 270 572 972	2 655 359 000	(384 786 028)	(14.49)	
EXPENDITURE					
Employee related costs	455 901 875	465 359 073	(9 457 198)	(2.03)	On target-Under 10%- No explanation required
Remuneration of councillors	24 720 135	24 720 880	(745)	(0.00)	On target-Under 10%- No explanation required
Bad debt provision	194 691 023	40 000 000	154 691 023	386.73	Provision for bad debt insufficient due to new impairment policy. Provision for doubtfull fines also came into effect from 2014
Collection costs	2 880 095	2 967 000	(86 905)	(2.93)	On target-Under 10%- No explanation required
Depreciation	449 606 802	232 700 000	216 906 802	93.21	Under budgeted. New service provider applied revaluation model
Repairs & maintenance	115 940 765	121 830 300	(5 889 535)	(4.83)	On target-Under 10%- No explanation required
Finance costs	37 153 984	27 155 000	9 998 984	36.82	On target-Under 10%- No explanation required
Bulk purchases	619 152 841	640 910 000	(21 757 159)	(3.39)	On target-Under 10%- No explanation required
Grants & subsidies paid	6 940 000	6 940 000	0	-	On target-Under 10%- No explanation required
General expenses	365 245 881	445 325 747	(80 079 866)	(17.98)	Under spending on grants(MIG-Rural sanitation) CHAN Games, Fleet management (Lease agreement) and several other insignificant items
Gain / (loss) on fair value adjustment	9 581 200	25 094 000	(15 512 800)	-	On target-Under 10%- No explanation required
Total Expenditure	2 281 738 579	2 033 002 000	248 736 579	12.23	
NET SURPLUS/(DEFICIT) FOR THE YEAR	(11 165 607)	622 357 000	(633 522 607)	(101.79)	

APPENDIX E (2)
ACTUAL CAPITAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)
FOR THE YEAR ENDED 30 JUNE 2014(Unaudited)

	2014 Budget R	2014 Actual R	2014 Variance R	2014 Variance %	Explanations of significant variances greater than 10% versus budget
CORPRATE SERVICES	11 166 335	7 429 662	(3 736 673)	(33.46)	
Information Technology	6 454 810	6 289 889	(164 920)	(2.55)	Under spending/ contract less than budget amount
Property Services	4 661 525	1 108 634	(3 552 891)	(76.22)	Under spending/ contract less than budget amount
Other & Admin	50 000	31 138	(18 862)	(37.72)	Finance lease not budgeted for
PLANNING & DEVELOPMENT	3 083 282	-	(3 083 282)	(100.00)	
Planning & Development	3 083 282	-	(3 083 282)	(100.00)	Under spending/ contract less than budget amount
ROAD TRANSPORT	338 495 876	205 274 313	(133 221 563)	(39.36)	
Roads & Storm water	338 495 876	205 274 313	(133 221 563)	(39.36)	Under spending/ contract less than budget amount
COMMUNITY & SOCIAL	342 000	183 357	(158 643)	(46.39)	
Libraries & Archives	300 000	183 357	(116 643)	(38.88)	Under spending/ contract less than budget amount
Cemeteries & Crematoriums	42 000	-	(42 000)	(100.00)	Under spending/ contract less than budget amount
PUBLIC SAFETY	500 000	1 710	(498 290)	(99.66)	
Fire	500 000	1 710	(498 290)	(99.66)	Under spending/ contract less than budget amount
SPORT & RECREATION	23 620 426	8 432 113	(15 188 313)	(64.30)	
Sport & Recreation	23 620 426	8 432 113	(15 188 313)	(64.30)	Under spending/ contract less than budget amount
WASTE WATER MANAGEMENT	1 478 469	166 000	(1 312 469)	(88.77)	
Sewerage	1 478 469	166 000	(1 312 469)	(88.77)	Under spending/ contract less than budget amount
WASTE MANAGEMENT	8 950 000	837 232	(8 112 768)	(90.65)	
Solid Waste	8 950 000	837 232	(8 112 768)	(90.65)	Under spending/ contract less than budget amount
WATER	220 239 356	147 021 782	(73 217 574)	(33.24)	
Water Distribution	220 239 356	147 021 782	(73 217 574)	(33.24)	Under spending/ contract less than budget amount
ELECTRICITY	14 236 611	1 382 409	(12 854 203)	(90.29)	
Electricity Distribution	14 236 611	1 382 409	(12 854 203)	(90.29)	Under spending/ contract less than budget amount
TOTAL	622 112 355	370 728 578	(251 383 777)	(40.41)	

APPENDIX F
DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDED 30 JUNE 2014(Unaudited)

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Name of Grants		Quarterly receipts R					Quarterly Expenditure for the Year					R	Delay\ withheld	Gazette amount Municipal year	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non- compliance
		Sep	Dec	March	June	Total	Sep	Dec	March	June	Total	Total	Total	Total	Yes / No	
Equitable Share	DPLG	166 922 000	138 663 000	110 405 000		415 990 000	103 997 502	103 997 502	103 997 502	103 997 494	415 990 000	No		415 990 000	Yes	Not Applicable
Extended public works Programme		1 846 000	1 384 000	1 384 000		4 614 000	1 098 919	2 131 081	907 986	476 014	4 614 000	No		4 614 000	Yes	Not Applicable
Public transport infrastructure and systems grant	NDT	25 000 000	50 000 000	123 761 000		198 761 000	0	52 086 008	33 452 239	43 643 338	129 181 585	No		198 761 000	Yes	Not Applicable
Integrated national electrification programme grant	DME	35 000 000				35 000 000	1 333 996	9 834 245	11 371 270	13 834 817	36 374 328	No		35 000 000	Yes	Not Applicable
Electricity demand side management grant	National Treasury	421 700	6 000 000	3 578 000		9 999 700	289 940	208 875	71 845	5 371 950	5 942 610	No		9 999 700	Yes	Not Applicable
Municipal infrastructure grant	DPLG	89 354 000	99 761 000	53 073 000		242 188 000	35 732 970	45 864 505	48 839 356	113 300 724	243 737 555	No		242 188 000	Yes	Not Applicable
Neighbourhood development partnership grant	DSR					0					0	Yes		5 000 000	No	Slow spending
Local government financial management grant	DWAF	1 650 000				1 650 000	130 057	164 087	807 335	548 521	1 650 000	No		1 650 000	Yes	Not Applicable
Water services operating grant	National Treasury					0					0	No		0	Yes	Not Applicable
Infrastructure Skills development fund		2 000 000		1 200 000		3 200 000					3 200 000	No		3 200 000	Yes	Not Applicable
Water services refurbishment grant			10 000 000			10 000 000				2 268 948	2 268 948	No		10 000 000	Yes	Not Applicable
Sport & Recreation			28 500 000			28 500 000			20 074 164	5 155 328	25 229 492	No		28 500 000	Yes	Not Applicable
Municipal systems improvement grant	DPLG	890 000				890 000	624 577	265 423			890 000	No		890 000	Yes	Not Applicable
		323 083 700	334 308 000	293 401 000	-	950 792 700	143 207 961	214 551 726	219 521 697	288 597 134	869 078 518	-		955 792 700		

ANNEXURE G
POLOKWANE MUNICIPALITY
CONTINGENT LIABILITIES FOR THE YEAR ENDED 30 JUNE 2014(Unaudited)

Date	Type of case	Summary of case	Name of parties	Authority that dealt with the case e.g. High Court	Amount involved	Outcome	Costs to the Municipality	Law firm used	Date finalized
04-Dec-12	Civil	Damages suffered as a result of exposure to inhalation of gases, chemicals and dust	Mmariyaka Patrick Machabai/ Polokwane Municipality	North Gauteng High Court	R 4 000 000.00	Matter still pending in court	R76 237.80	Mohale Incorporated	In progress
16-Jan-13	Civil	Termination of agreement	Phuthinare Traders cc/ Polokwane Municipality	North Gauteng High Court	R 1 399 003.03	Matter still pending	R133 042.58	N Mohale Incorporated	In progress
22-Mar-13	Civil	Rescission of judgment	Bamathaniaga Trading & Projects cc/ Polokwane Municipality	Pik Mag court	R 300 727.78	Matter still pending in court	No invoice submitted	N Mohale Incorporated	In progress
12-Jun-12	Civil	Personal damages as a result of accident	Godknows Tshuma/ Polokwane municipality	North Gauteng High Court	R 35 938.89	Awaiting pre-trial conference date	R47 532.30	A. M. Carrim Attorneys	In progress
20-Jun-13	Civil	Damage as a result of storm water	J.H.S Bester & another/ Polokwane Municipality	Pik Mag Court	R 61 599.00	Matter still pending in court, pre-trial conference on 20.08.2014	No invoice submitted	N Mohale Incorporated	In progress
06-Sep-13	Civil	Damages as a result of motor collision	Mogoma Samuel Seabi/ Pik Municipality	Pik Mag Court	R 75 000.00	Claimant rejected offer from the insurance and issued summons	None- Internal	Matter handled internally	In progress
22-Aug-13	Civil	Damages as a result of electric box explosion	Frans Makoro/ Pik Municipality	North Gauteng High Court	R 200 000.00	Matter to be heard on 06.10.2014	R16 872.00	A. M. Carrim Attorneys	In progress
06-Sep-13	Civil	Damages as a result of motor collision	Ramadiemeja Onnica Shindil/ Pik Municipality	Pik Mag court	R 27 807.61	Finalised pending payment of the amount claimed.	R27 807.61	Referred to insurance officer for investigations	In progress
11-Sep-13	Civil	Damages suffered as a result of loss of stock	Joseph Lamola/ Pik Municipality	Pik Mag court	R 340 000.00	Awaiting reasons for judgment from the Magistrate	No invoice received	Carrim Attorneys	In progress
22/02/2012	Civil	Damages	Dr. O.R Tshikosi v Polokwane & Others	Pik Mag Court	R 300 000.00	Matter still pending	R 5 399.00	De Bruin Oberholzer Att	In progress
21/02/2012	Civil	Damages (Pothole)	K.J Ngqosheng v Polokwane	Pik Mag Court	R 8 981.83	Matter still pending	No invoice submitted	De Bruin Oberholzer Att	In progress
2011/04/04	Civil	Non-payment for services rendered	E.C Deacon t/a P&L Services v Polokwane	Pik Mag Court	R 41 316.56	Judgment for rescission of judgment reserved	No invoice submitted	Mohale Inc. Att.	In progress
2011/04/04	Civil	Non-payment for services rendered	E.C Deacon t/a K T Services	Pik Mag Court	R 82 526.59	Judgment for rescission of judgment reserved	No invoice submitted	Mohale Inc. Att.	In progress
15/07/2010	Civil	Motor vehicle collision	E Phoko v Polokwane	Pik Mag court	R 45 359.51	Matter still pending in court	R15 760.00	Jeff Mathabatha Attorneys.	In progress
22/09/2011	Civil	Damages (pain & suffering)	A D Friedental v Polokwane	Pik Mag Court	R 113 289.42	Matter still pending in court	No payment made as a result of failure to submit tax clearance certificate.	Jeff Mathabatha Attorneys.	In progress
16/03/2011	Civil	Motor Vehicle Collision	J N Maleka v Polokwane & P Phoko	Pik Mag Court	R 96 000.00	Matter still pending in court	No payment made as a result of failure to submit tax clearance certificate.	Jeff Mathabatha Attorneys.	In progress
2013/07/11	Civil	Pothole collision	Ramadiemeja Melda Chabangu/ Polokwane Municipality	Internal intervention	R 1 938.00	Awaiting Departmental report from Roads & Storm Water	None- Internal	Internal intervention	In progress
03.12.2013	Civil	Storm water damage	Tess Jenkins. Polokwane Municipality	Internal intervention	R 62 646.00	Awaiting report from the insurance	None- Internal	Internal intervention	In progress
21.11.2013	Civil	Open hole injury	Soulo Mampashe Jacob/ Polokwane Municipality	Internal intervention	R 10 000.00	Awaiting report from the insurance	None- Internal	Internal intervention	In progress
11.11.2013	Civil	Motor collision	No names mentioned in the claim	Internal intervention	R 67 579.58	Awaiting report from the insurance	None- Internal	Internal intervention	In progress
22.01.2014	Civil	Motor collision	Joel Makgata/ Polokwane Municipality	Polokwane Magistrate Court	R 53 799.45	Awaiting report from the insurance	None- Internal	Internal intervention	In progress
05.03.2014	Civil	Pothole collision	Charles Errol Hlupekha/ Polokwane Municipality	Magistrate Court Mankweng	R 19 495.14	Matter still pending in court	No invoice submitted	Maboku Mangena Attorneys	In progress
05.03.2014	Civil	Defamation of character	Mers Lerake Motshelga/ Polokwane Municipality	Polokwane Regional Court	R 300 000.00	matter postponed sine die	No invoice submitted	Pule Incorporated	In progress
17.07.2014	Civil	Motor collision	Mohammed Cassim Yaseen/ Polokwane Municipality	Polokwane Magistrate Court	R 6 675.40	Awaiting report from Roads and Storm Water	None- Internal	Internal intervention	In progress
19.02.2014	Civil	Damages for falling into a ditch	J.P Neethling/ Polokwane Municipality	High Court	R 2 000 000.00	Awaiting report from the insurance	None- Internal	Internal intervention	In progress
01.08.2014	Civil	Rental agreement	Pietersburg Police Social Club/ Polokwane Municipality	Polokwane Magistrate Court	R 57 000.00	Matter still pending in court	None- Internal	Internal intervention	In progress
08.11.2013	Civil	Motor collision	W. De Jongh/Polokwane Municipality	Polokwane Magistrate Court	R 13 151.86	Awaiting court judgment on exception	None- Internal	Carrim Attorneys	In progress
29.04.2014	Civil	Pothole collision	DP Service centre/ Polokwane Municipality	Polokwane Magistrate Court	R 96 163.64	Awaiting report from Roads and Storm Water	None- Internal	Internal intervention	In progress
Total					R 9 817 999.49				